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FINANCIAL TIMES

Tuesday November 2 1971 ** 6p

Aspects of Taylor Woodrow Anag No. 1 (6, 7)
WARY LORD TO WOO
AAAA

News Summary

2 more police killed in Belfast

A large anti-protest rally in Belfast yesterday...
The RUC men were in plain clothes...
The RUC men were in plain clothes...
The RUC men were in plain clothes...

Wall St. sinks to 1971 low

WALL STREET'S index touched a new 1971 low yesterday...
LONDON EQUITIES weakened, damped by Wall Street's fall...
THE \$ improved 18 1/2 points to \$24.931...
WALL STREET'S Dow Jones Average fell 13.14 yesterday to 825.86...

Angry Brigade

U.S. Ireland...
The Ulster death toll since 1969...
The Ulster death toll since 1969...
The Ulster death toll since 1969...

aid charges

More men are to appear at court at Marylebone...
The charges are...
The charges are...
The charges are...

Rolls-Royce lays off 1,100

ROLLS-ROYCE HAS TOLD 1,100 employees...
The company is...
The company is...
The company is...

years for Dean

Very Rev. Dr. Dean...
The Dean is...
The Dean is...
The Dean is...

12,500 pension

ritain is backing a UN proposal...
The proposal is...
The proposal is...
The proposal is...

Ground handling row

Arrests at Heathrow as dispute halts many flights

BY MICHAEL HAND, LABOUR CORRESPONDENT

All BEA flights in and out of London's Heathrow airport were cancelled yesterday as the long simmering row over the operations of an American-based ground handling company came to a head with 40 arrests being made when fighting broke out during demonstrations at the airport.

The airport was disrupted for most of the day as workers first attended a mass meeting and then took part in picketing and demonstrations against the company involved, General Aviation Services.

Iberia blacked

The meeting was called to coincide with GAS starting to operate ground handling contract for Iberia Airlines, which was previously handled by KLM.

U.S. dividend and pay rises must keep in line

BY PAUL LEWIS, U.S. EDITOR

AMERICAN companies will be expected to keep dividend increases in line with the permitted rise in wages when President Nixon's new incomes policy comes into effect on November 13.

Interest rates

But he made clear that he himself was opposed to any direct interference with the level of interest rates in the country as likely to be "inefficient, inequitable and unwarrantable."

Demand for private bank loans rises

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

THERE has been a steady increase during the past month in the demand for bank advances by private individuals and the retail and distributive trades.

Armour in agreed bid for Tizer

BY NICHOLAS LESLIE

TIZER, the Manchester-based soft drinks group currently being turned round from a loss-making situation, has agreed to terms of an offer to be made by Armour Trust which values Tizer at around £25m.

SW also has an 11 per cent stake in Armour. This was built up after a majority stake in Armour was sold in 1970 to Mr. A. D. Boleyn and Mr. C. R. Lambourne, both formerly with merchant bankers, S. G. Warburg, when Armour took over Carter Pinguin Group, in which SW held 45 per cent of the equity.

Setback for anti-Six Labour MPs

BY RICHARD EVANS, LOBBY CORRESPONDENT

LABOUR anti-Market leaders, determined to press home their attack on Mr. Roy Jenkins and his colleagues who voted for the entry to the EEC, received a significant setback last night.

Led by Mr. Michael Foot and Mr. Anthony Wedgwood Benn, Mr. Jenkins' rivals for the deputy leadership, they tried to persuade the "shadow" Cabinet to table an amendment to the Queen's Speech opposing entry to the EEC. But after a heated two-hour meeting at the Commons they were defeated by a narrow majority.



Mr. Fred Peart—still considering his position.

First ballot

It is still not known how many candidates will oppose Mr. Jenkins in the election for Labour's deputy leadership, but his supporters remain hopeful that he will retain the post despite the Commons Market conficts. Definite opponents are Mr. Wedgwood Benn and Mr. Michael Foot. Mr. Fred Peart, a confirmed anti-Market leader, is still considering requests that he should stand.

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lding (K)	145	+ 18	
ish (K)	95	+ 18	
heworth Stewart	95	+ 15	
amel Bayly	87	+ 8	
lding (K)	145	+ 18	
ish (K)	95	+ 18	
heworth Stewart	95	+ 15	
amel Bayly	87	+ 8	
lding (K)	145	+ 18	
ish (K)	95	+ 18	

U.K. DAILY STOCK INDICES

Nov. 1 Oct. 29 Yr. Ago			
Nov. 1 Oct. 29 Yr. Ago			
Nov. 1 Oct. 29 Yr. Ago			
Nov. 1 Oct. 29 Yr. Ago			

ACTUARIES

Nov. 1 Oct. 29 Yr. Ago			
Nov. 1 Oct. 29 Yr. Ago			
Nov. 1 Oct. 29 Yr. Ago			
Nov. 1 Oct. 29 Yr. Ago			

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American News

Soviet Union offers Cuba continued backing against U.S.

MOSCOW, Nov. 1. THE Soviet Union assured Cuba of its backing against the U.S. in a joint communique issued here today, apparently to allay any concern in Havana over President Nixon's forthcoming visit to Moscow. The document was published one day after Soviet Premier Alexei Kosygin left Cuba at the end of a four-day visit. It said Moscow had reaffirmed its readiness to continue supporting Cuba "in the struggle to strengthen Socialist gains and against provocations by the forces of imperialism." Referring to Mr. Kosygin's talks with Prime Minister Fidel Castro and President Salvador Allende's Government in Chile—which came to power through victory in the polls—and "structural changes being carried out by the Government of Peru," Moscow and Havana were also satisfied with what the communique termed the restoration of China's legal rights at the UN—the first time Moscow's opinion has been expressed in an official communique although it has been made clear in the Soviet press. But the communique, as summarised by the Soviet news agency Tass, made no reference to a new Soviet aid programme for Cuba which informed sources in Havana said Mr. Kosygin had agreed on while there. Reuter

Tito shops for U.S. military hardware

PALM SPRINGS, Nov. 1. PRESIDENT Tito is shopping for U.S. military and commercial aircraft on his trip to the Western U.S., a senior adviser to the Yugoslav leader disclosed here. He said Yugoslavia is interested in buying the McDonnell-Douglas F-4 Skyhawk, a 10,000-mile-per-hour fighter, and a number of other aircraft already sold to Australia, New Zealand, Israel and Argentina. The Yugoslav party is also interested in seven or eight of the latest DC-9 commercial jets, which cost \$4.5m. each, said the Yugoslav official, who asked not to be named.

Ottawa considers boost to surcharge support

By Our Own Correspondent TORONTO, Nov. 1. THE Canadian Government is considering a \$100m. increase in its \$80m. emergency support programme for Canadian industry hurt by the recent U.S. trade protection measures. Mr. Jean-Luc Pepin, Minister of Industry, Trade and Commerce, has hinted that he may ask Cabinet approval to use the \$100m. fund set up under the name of General Adjustment Assistance Programme (GAAP) to help industry adjust to changes in trading patterns resulting from the Kennedy Round tariff reductions, most of which have been acted upon by the Canadian Government. Existing terms of the GAAP fund allow insured loans and direct loans to help manufacturers adjust and compete more effectively because of the Kennedy Round. The fund also provides for payment of half the cost of consultant fees related to industry restructuring. Most of the \$100m. is still available, since aid has been mainly in the form of loan insurance and the fund has not been depleted by direct loans so far. More than 1,000 firms are expected to apply for aid under the \$80m. Employment Support Act, which was set up as a direct result of the U.S. 10 per cent import surcharge. If most of the applicants qualify, the fund could be exhausted rapidly.

Venezuela foresees small rise in crude prices

By Our Own Correspondent CARACAS, Nov. 1. THE new prices of oil to be announced in December will "not be much higher" than current levels, the Mines Minister, Dr. Hugo Perez La Salvia, has announced. The Government which last year was empowered by Congress to set export oil prices unilaterally will announce on December 22, the new price levels that will be effective as of January 1. The oil companies operating in the country have been given a 30-day period in which to make observations and suggestions to the Government. The Minister told reporters in reference to the record \$2,200m. budget under scrutiny in Congress—that the new price levels will take into account inflationary trends but that "they will not be much higher than current prices because a big hike was already established this year." He reiterated that the budget under congressional consideration was estimated on a 0.06 per cent price hike and an increase of 2 per cent in production. The Minister also said that production is recuperating and will reach a normal peak at the end of the year with the year's total dropping slightly below last year's output.

Spain to insist on aid pledged

By Our Own Correspondent MADRID, Nov. 1. Established last year after signing of the new agreement on U.S. air and naval bases in Spain, the committee is supposed to solve problems of military, technical and cultural problems arising within the framework of the signed agreements. Local observers believe that, with an eye on the strategic position of their bases in Spain, the Americans will probably continue the delivery of military hardware. The "Export-Import Bank" in Washington will probably also continue the financing, with long-term credits, of purchases of Spanish private and State-owned enterprises. But it is feared that the killing of the Foreign Aid Programme will eradicate the about \$30m. aid to Spain earmarked by the U.S. Congress for "special services and purchases" and that aid to Spanish students in the U.S. will also be suspended. However, in general terms and aside from military aid it is not believed that the killing of the U.S. foreign aid programme will bankrupt Spain. With about \$2,000m. worth of foreign reserves strong enough to digest the loss of long-term credits, and military aid can be obtained from France and other European countries.

Wage freeze restores stability

By Nicholas Colchester NEW YORK, Nov. 1. THE WAGE and price freeze imposed by President Nixon has resulted in October being the most stable month for industrial wholesale prices since the Second World War, according to a survey carried out by the National Association of Purchasing Management. The report, which has not yet been published but which has been given Press coverage, disclosed that 96 per cent of Association's nationwide panel of price reporters had said last week that commodity prices were the same as they had been a month ago. A further 2 per cent said that prices were actually lower and the remainder cited some increases. The chairman of the Association's business survey committee, Mr. E. F. Andrews, noted that this was the highest level of price stability achieved in the post-war period, exceeding that in the Korean War price freeze. The Association's report is regarded as significant because it is based on prices that purchasers of major commodities actually pay for their commodities. The Government index put out by the Department of Labour statistics, tends to be based on list prices on which there may be important discounts.

Argentina removes import ban

By Our Own Correspondent BUENOS AIRES, Nov. 1. THE Government's emergency "ban" on imports, begun on September 13, ended last night. As from to-day private sector imports are freed. Government imports must continue to be authorised by a permit prior to each purchase. The so-called total ban on imports, prompted by the country's adverse balance of payments, from the beginning was considerably less than that. In freeing imports for the private sector, the Government has added an additional 15 per cent surcharge on these imports.

SAN FRANCISCO MAYORAL ELECTION

Return to Barbary Coast days

BY ART GARCIA, CALIFORNIA CORRESPONDENT

SAN FRANCISCANS will vote today in a city election with all the colour, controversy and flamboyance of the city's wild Barbary Coast during the Gold Rush more than a century ago. The Incumbent Mayor, Mr. Joseph Alioto, appears to be the front-runner in his bid for a second term, but he is being challenged hard by Mrs. Dianne Feinstein, first woman president of the San Francisco Board of Supervisors, wife of a neurosurgeon (and mother of a teenage daughter). Should she win, Mrs. Feinstein, who won her first election only two years ago, would become the first woman mayor of a major American city. She is a Democrat, as is Mayor Alioto, running for the top job in a city that has seen only three Democratic mayors in 60 years. A close third in the campaigning at present is Mr. Harold Dobbs, Republican former Supervisor and a familiar candidate for Mayor. Mr. Dobbs, 52, a lawyer and owner of a restaurant chain, finished second in two previous runs for the top seat in City Hall.

mid-1960s. That criminal trial will not begin until later this year but a civil action by the State of Washington seeking a refund of the \$2.3m. from Mr. Alioto is under way in Vancouver, Washington, where he has managed to delay his appearance on the stand until after to-day's election. Mr. Alioto, who was chosen to nominate Mr. Hubert Humphrey at the 1968 Democratic National Convention and is rumoured to be under consideration for the Vice Presidential spot, showed characteristic aggression to imply that his indictment in Seattle was part of a Republican plot to remove him as a Democratic contender for high office.

Hitting hard

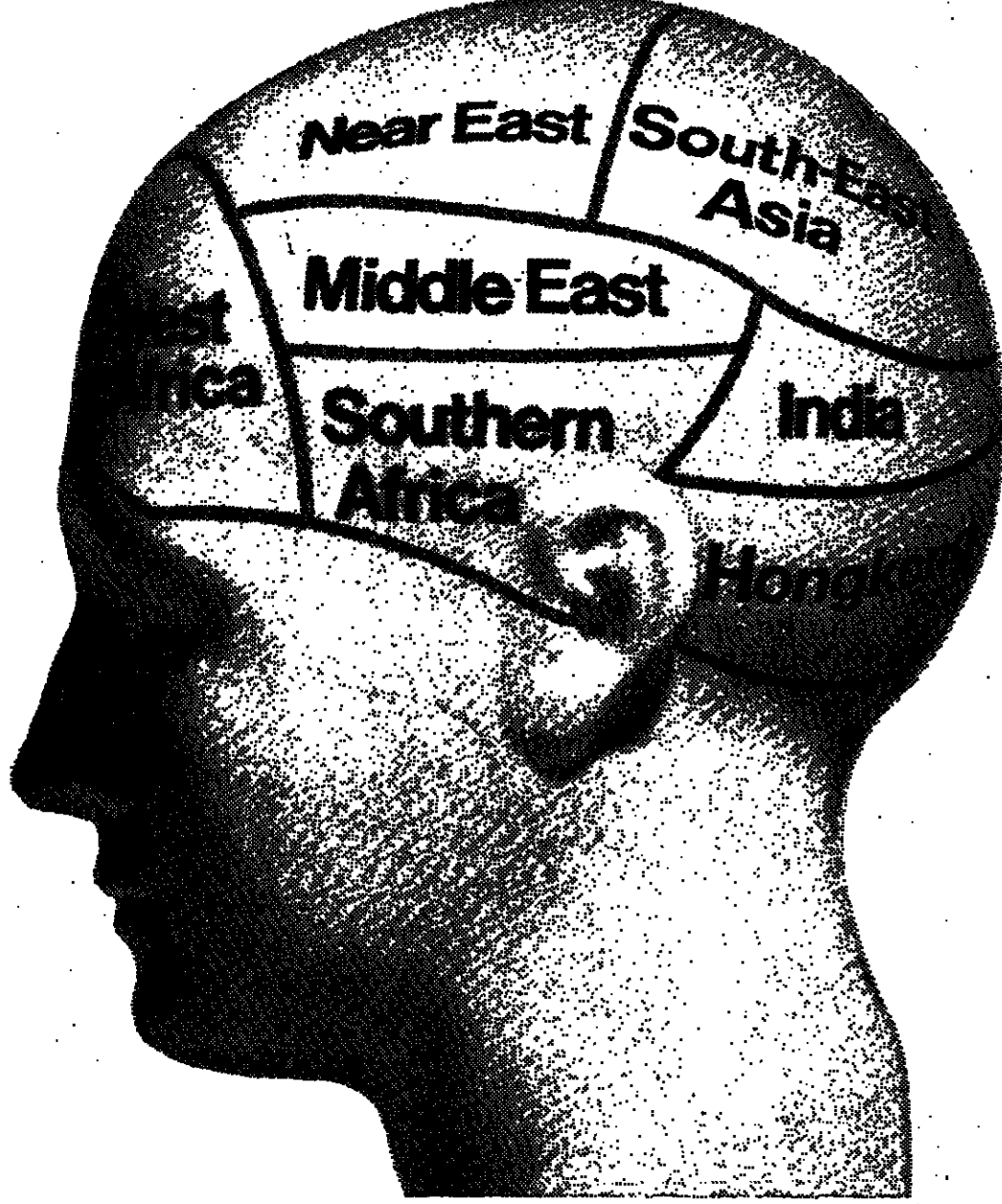
Mrs. Feinstein, 38, is quiet and soft spoken but possesses strong views and an ability to get them across. An underdog now, she beat the odds two years ago in leading 17 candidates running for the Board of Supervisors. San Francisco's City Council. A history and political science graduate of Stanford University, she has served on state and city commissions, including some to which she was appointed by Mr. Alioto, who backed her bid for supervisor.

Destructive

Four Soviet architects on a tour of major U.S. cities in September agreed that San Francisco has too many tall buildings too close together. "Even for such a large country as the U.S., one New York is enough," they said and Mr. Duskin and his backers agree. Opposing Proposition T, however, are the San Francisco Urban and Planning Renewal Association, the Planning Commission and the Greater San Francisco Chamber of Commerce, which warn, "It will take a miracle to save San Francisco if Alvin Duskin's unholy commandment becomes law." Planning officials say the Duskin height limit would impair the ability of the city's still incomplete Bay Area Rapid Transit District to sustain itself and would be "destructive of the planning process" while the city's Controller estimates the six storey limit could add as much as \$1.44 a year to the property tax rate over the next decade. They urge voters to give the city a chance to implement its Urban Design Plan, a 155-page book made possible by a \$180,000 Federal grant that "unlike Proposition T, does not offer simplistic solutions to highly complex problems." Mayor Alioto opposes Proposition T while most other candidates have avoided commitment.

Besides the race for Mayor, the most heated subject on the Tuesday ballot is Proposition T, a plan that would require a special city election for every proposed building of over 72 feet, placing a height limit of

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Export News

IN BRIEF

Sales peak for Dens Metals

A DUNDEE company with less than a dozen employees has won its biggest export order, valued at £125,000, in the U.S. market.

The company—Dens Metals (Dundee)—was formed in 1961 to develop a process for continuous casting of high-quality bronze bushing and bearing materials for home and export markets. Up to now its individual orders have seldom topped the £10,000 mark.

The contract will keep a section of the plant running into 1973. It has been signed with a leading bushing and bearing manufacturer in the Mid-West. The winning of the order in face of the recent U.S. surcharge on imports is attributed to product quality.

Mr. Robert Cunningham, company chairman, said: "It is quite a coup for us and brings additional business to Dundee. In the American market we are up against a lot of expertise in metallurgical processes. Competition is very keen. The latest surcharge on imports makes it even tougher. Our product quality won through, and I anticipate that a continuing association will follow."

Dens Metals is a subsidiary of Malcolm Ogilvie and Co., Dundee, was formed as a group diversification.

A THIRD order for wall and roof cladding materials and daylighting units for buildings in the Jeddah Port development scheme has been awarded to H. H. Robertson (U.K.) of Ellesmere Port.

It is for Galveston protected sheet steel and Styrolight translucent glass reinforced fibre daylighting for a new warehouse in the port area. The warehouse will serve the nine deep water berths which give Jeddah extended facilities for cargo traffic and leave the No. 1 berth free to handle the annual influx of 300,000 pilgrims on their way to Mecca.

With two previous orders, Robertson will supply over 55,000 square metres of Galveston to the project. This includes the roof and wall cladding for the new Pilgrim Hall at berth No. 1, and for seven new transit sheds. The three contracts are worth over £215,000.

TRADE DRIVES

Lord Thorneycroft gets Export Board "hot seat"

BY DAVID CURRY, EXPORTS EDITOR

LORD THORNEYCROFT is to be the chairman of the British Export Board, the Government's successor to the British National Export Council, the Department of Trade and Industry has announced. The other members of the Board have not been named but, like Lord Thorneycroft, they will be unpaid. He will serve for a two-year term.

Yesterday the chairman-designate pledged that businessmen would have the executive direction of the Board's activities. Its work would be "to create the right climate in which exporters can operate."

His initial budget will be about £8m., and total costs, including staffing by some 1,300 civil servants in the DTI export promotion divisions, would be about £15m. a year, Lord Thorneycroft said.

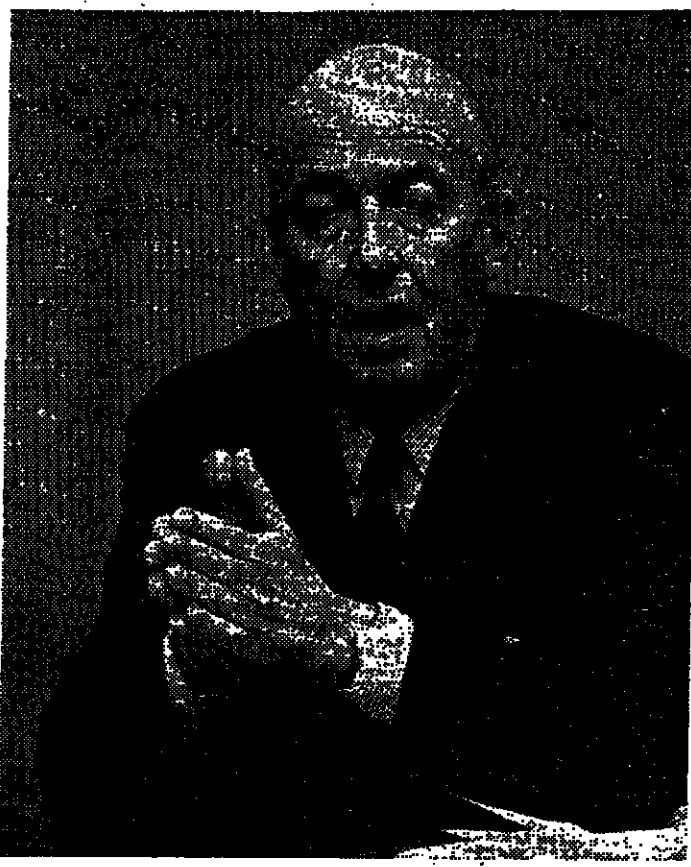
He described the bringing of business into an active role in Government as "a very big step indeed." "The Board," he said, "would lean very heavily on existing organisations for advice and support. Its emphasis would be in product areas, and here the experience of groups like BEMA, the NFU and Chambers of Commerce would be invaluable."

"The Board would also support the work of outside bodies with a similar constitution to the Eastern European Trade Council or the Sino-British Trade Council."

It is clear that the new Board will owe virtually nothing to the DTI, despite the fact that Lord Thorneycroft has invited the heads of the BNEC area committees for talks on the "transfer of power." Of the 184 executive branch members of BNEC only 15 will join the Board.

The DTI has prepared for the Board, which takes over on January 1, a full programme of activities for 1972 including joint ventures and missions. The two major trade drives planned for Denmark and South Germany will go ahead, and the broad range of services to exporters will be continued without a break.

The official definition of the Board's work is to "give broad direction to the execution of export intelligence work, the work on trade fairs and other promotional activities overseas, the schemes for financial support for companies to participate in commissions and for inward commercial visits to this country. The Board will thus have much wider executive responsibility than BNEC and will have charge of



Lord Thorneycroft yesterday—a dynamic low profile.

a considerably larger budget for export promotion work (about £8m. excluding staff costs).

Within this budget the Board will be free to select priorities and to allocate resources to different forms of activity or different areas of the world. The Board will also be able to consider and introduce new techniques.

The Board will have at its disposal the staff of the DTI concerned with export promotion and including some BNEC staff who have transferred with their work. The staff concerned are in the Export Services Division, the Export Planning and Development Division (including Fairs and Promotions Branch), and the Overseas Projects and Technology Division. Fairs and Promotions Branch is also to be responsible for work previously done by the COI in exhibitions and trade fairs. This is a step to further integration. The Board's work overseas will be carried out by the commercial staff of the Foreign and Commonwealth Office in Embassies, High Commissions and Consulates.

The Government decision to replace BNEC with an Export Board was announced in May. It stressed the need to involve businessmen in export promotion work, integrate that work and avoid duplication; and the realisation that the Government would have to bear the major cost of export promotion services.

Lord Thorneycroft is a former President of the Board of Trade and a Chancellor of the Exchequer. He is chairman of Pyc of Cambridge, of Pyc Holdings, and the Pirelli companies in the U.K.

His appointment is likely to be received enthusiastically. He is associated neither with BNEC nor the chambers of commerce and has established a reputation for being able to manage a "mixed" board during the course of his work on the SITPRO committee on the simplification of export procedures. See Men and Matters Page 18

Gem of a deal

An order for more than 45 tons of Huntley and Palmers Gem Biscuits, one of the world's smallest biscuits, has been secured from Ghana.

The order, which is worth £17,700, comprises over 62m. Gem biscuits, 600 of which are needed to weigh one pound.

Having your cake and heating it

By David Curry

YESTERDAY morning, 2,000 cubic feet of British cake set out in a specially prepared deep-freeze lorry to travel 4,000 miles to Kuwait.

The consignment represents United Biscuits' biggest cake order from Kuwait (78,000 McVitie's Swiss Rolls), worth £3,600 (F.O.B. price). The task of delivering the goods has been entrusted to Union Carriage Corporation of Brentwood, Essex.

Previously the only method of transport considered feasible was by ship, not only was this expensive but the long journey time restricted the possibilities to long life products like fruit cake or biscuits. By land, the journey, although passing through eight countries, will only take 14 days, compared with 25 days by ship.

The temperature in the trailer will be held at -5° to -10°F which will ensure that the cake will arrive in perfectly good condition.

The transport side of the operation should pave the way to a big Gulf area penetration for McVitie's cakes, the company hopes. Biscuits sales in Kuwait have already shown a 300 per cent growth for United Biscuits this year and the McVitie's brand name is now becoming established, a fact which will further ease the company's penetration of the cake market, it believes.

At Kuwait, it is hoped that if all goes well with this first consignment it will develop into a regular delivery service, just like the normal cake-van delivery which provides daily distribution in the U.K. UB believes this will make it the largest range cake-van service in the world.

The recent merger of McVitie's and Cadbury's cake interests only applies to the U.K. market. Exports, while jointly manufactured, are still handled, under separate brand names, by each company's respective overseas divisions.

£2m. slip in wool textile overseas sales

A FALL of £2m. in September is reported in exports from the British wool textile industry, based mainly in the West Riding.

Total export sales of £10.6m. were 16 per cent less than in September last year.

One of the main reasons for the decline is the increasing popularity of knitwear in North America, particularly men's garments. Trade with the Common Market countries is holding its own.

Total earnings of the industry from overseas in the first nine months of the year were £98.5m., 12 per cent less than in the same period last year. A fall of 23 per cent in cloth exports to North America was recorded.

Neepsend's French move

ARRANGEMENTS have been concluded for Neepsend Steel and Tool Corporation to take a 12 per cent equity stake in the French company, DOGA (Ets. Desouches, Marion, Housfield and Cie, SA). Based in the outskirts of Paris, DOGA is a well-established distributor of engineering products.

It has for many years marketed a range of Neepsend products—under the brand names of Speed, Pearlite and Novo—such as metal cutting saws, drills, tool bits and pre-machined tool steels. Mr. Kenneth Jacques, finance director of Neepsend, is joining the Board of DOGA. It is planned to set up a separate marketing division within DOGA to handle the complete range of Neepsend products. The volume of Neepsend exports through the DOGA outlet has grown substantially in recent years, and this closer association is expected to lead to a more rapid expansion of sales.

Distributors for Ewart

EWART Chainbelt Company's world network of some 70 distributors has been strengthened by the appointment of new distributors in Belgium and Indonesia, and extension of an existing arrangement with a leading engineering company in Malaysia.

The new Belgian distributor is SA Vermeir-Belting NV, which has offices in Brussels, Ghent and Enval. In Indonesia, the new distributor is P. T. Ometraco of Surabaya.

Hargill Engineering, of Kuala Lumpur, which has until now handled Ewart's range of transmission chains, has been appointed to distribute the entire chain range—embracing conveying as well as drive chains—throughout Malaysia.

Ewart Chainbelt Company is based at Derby.

Air Products, of New Malden, Surrey, is to build two air separation plants, costing £4.5m., in South Africa.

The plants are part of a R20m. contract to supply oxygen gas over a 15-year period to Iscor's Vanderbijlpark works won by Air Products South Africa (Pty.).

The air separation plants will be adjacent to the liquefier and argon purification facility inaugurated at Vanderbijlpark in September. Each will be able to produce 290 metric tons a day of oxygen gas, 150 metric tons a day of high-purity nitrogen gas and six metric tons of crude liquid argon daily.

The plants will be supplied on a turnkey basis and will be commissioned by August, 1974.

The Air Products South Africa Pty. contract comes less than eight weeks after the same company was awarded a 15-year R25m. contract for the supply of tonnage oxygen and tonnage nitrogen to Iscor's Newcastle works in Natal.

MEDICAL APPARATUS

Russians may come here for 'Hoverbed' training

FINANCIAL TIMES REPORTER

RUSSIAN medical experts hope to send a team to Britain to purchase newly invented British medical apparatus developed by the National Research Development Corporation.

The device allows human beings to float up to one foot six inches above a surface without any apparent means of support.

The National Research Development Corporation hopes that Britain will export considerable numbers of the machines which will sell at some £40,000 each.

Besides the Russian interest in buying the new machinery interest has also been shown by the Hungarians, Swedes, Benelux, Canadians and Americans.

The hover machine, made by a British research team headed by Dr. John T. Scales, took 11 years to develop. It will be invaluable in the treatment of burns, as it will enable patients to be treated "in mid-air" with no part of their body in contact with any surface.

In the treatment of burns, contact with surfaces tends to retard healing, thereby causing or aggravating infections. But with the new invention there is no need for the patient to lie on a bed or operating table. The patient is surrounded at the sides of his body by a "skirt" similar to some extent to that of a hovercraft.

Dr. Scales described floating as being like "lying on a gale." Commenting on the potential of the invention, Dr. Scales stressed that Britain "led the world" with this new development. "It is now up to British industry to invest in the invention and sell it to hospitals throughout the world," he added.

National Research Development Corporation's overall leader of the "hoverbed" project, Mr. Malcolm Wagstaff, said yesterday that it was hoped that it could export at least 30 of the newly invented machines during the next five years.

The licence for manufacturing the apparatus has been given to Howorth Air Conditioning.

A £250,000 centre is being built at a London hospital to house the newly developed apparatus.

Skirt

A small Russian team of experts is likely to undergo training at the hospital, Mount Vernon, Middlesex, when the centre is completed next year, says the National Research Development Corporation.

Besides the Russian interest in buying the new machinery interest has also been shown by the Hungarians, Swedes, Benelux, Canadians and Americans.

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European News

Mintoff goes to Romania for aid

By Richard Johns

MR. DOM MINTOFF, left, Valletta yesterday for Bucharest on the first visit by a Maltese Prime Minister behind the Iron Curtain.

His visit should probably be seen within the context of the negotiations over the amount of money that Britain should pay for the use of military facilities on Malta. There is little doubt that he would use the prospect of a £100 million loan to raise the industry to a level that would allow it to compete with the rest of the world.

On September 23, following talks at Chequers between Mr. Mintoff and Mr. Edward Heath, the Maltese and British Governments agreed to negotiate on the basis of the £50m. annual aid offer evolved in the strained and sometimes heated exchanges earlier in the summer.

However, it is known that Mr. Mintoff aims at raising the figure substantially. Indeed, he has given some visitors the impression that he still wants £15m. or more.

BL Israeli Holding out

talks are deadlocked

By Our Own Correspondent

So far two rounds of official talks have been held, and progress has been slow. It is believed that much of the time has been taken up with such relatively technical affairs as the fate of the land now under the forces' control which Malta now wants for development purposes. But in the bargaining Mr. Mintoff's officials have been holding out for the right to allow the Soviet naval vessels to dock at the island.

However, for Mr. Mintoff, a state of affairs with Romania with its independent foreign policy, would be very different to one with the Soviet Union. Bucharest's search for an East-West détente fits in well with Mr. Mintoff's ideas of non-alignment.

The third round of Anglo-Maltese talks is scheduled to start in Valletta on November 15.

Peter Tanti's report from Rome: Mr. Mintoff stopped here today on his way to Bucharest. He will spend a day in Rome before flying to Bucharest tomorrow.

A spokesman of the Italian Foreign Ministry stated here that Mr. Mintoff was not expected to have political talks or meetings here in Rome and his visit was a private one.

SWISS COALITION CONFIRMED

BERNE, Nov. 1

SWITZERLAND'S ruling four-party coalition has regained an overall majority in the week-end elections, showing that the granting of women's suffrage made little change in the country's voting pattern. At least seven women are among the 200 members of the new National Council—the lower house of Parliament—but otherwise there is little from the results to show that in this election the centuries-old tradition of "men only" was broken and women in fact made up the majority of the electorate.

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French take tough action to control food prices

BY ROBERT MAUTHNER

PARIS, Nov. 1

THE FRENCH Government, seriously worried about the recent rapid increase in prices which is beginning to undermine its whole economic policy, has taken tough measures to control the retail prices of a number of foodstuffs.

For the moment, only the retail prices of eggs, ham, bananas and chocolate are affected, but there can be little doubt that M. Valéry Giscard d'Estaing, the Finance and Economics Minister, will extend the controls to other products if the current rate of increase in the cost of living index continues.

After rising by 0.4 per cent. in August, the index went up by another 0.5 per cent. in September. The increase in October is expected to be of the same order, thus casting serious doubt on the Government's ability to keep the average monthly rate of increase down to 0.3 per cent. next year, its announced intention.

The "anti-increase" contracts already signed between the Finance and Economics Ministry

and several industrial associations, to restrict price rises of industrial products to 1.5 per cent. during a six-month period ending in March, will be of little avail unless the prices of foodstuffs can also be kept in check. These have jumped by as much as 0.7 per cent. in September, bringing the total increase in foodstuff prices over the previous twelve months to 5.9 per cent., compared with a rise in the retail price index as a whole of 5.7 per cent. over the same period.

Prisoner

It is clear, too, that the Government stands no chance whatsoever of persuading the trade unions to moderate their wage demands as long as food prices are going up at their present rate.

In some ways, the Government is the prisoner of its own wages

policy. Under the current index-linked wage contracts signed with the most important nationalised enterprises, wages must be automatically increased once prices have risen more than 4 per cent. in any one year. Since this threshold was passed as early as September, wage adjustments had to be brought forward to September 1 instead of coming into effect a month later, as was the original intention.

Although it is much too early to speak of a recession, there are a number of disquieting signs that the outlook for French industry during the coming months is not quite as rosy as the authorities claim and that inflation is beginning to take its toll.

Reports of lay-offs in several French industries and regions have become more frequent over the past few weeks and unemployment, while still low by present British standards, has lately been rising steadily.

Mediation in German wage talks

BY CHRISTOPHER LORENZ

FRANKFURT, Nov. 1

THE West German Metalworkers' wage negotiations, which have been going on for almost a month with the two sides maintaining their opening positions, enter a crucial phase to-morrow. Unions and employers will meet an independent mediator in Stuttgart in an attempt to thrash out a compromise between the union's demand of 9 to 11 per cent. and the employers' counter offer of 4.5 per cent. Neither side is optimistic that a way will be found to bridge the gap, and by the coming Thursday a strike

later this month may be virtually certain.

The Stuttgart meeting concerns only one of 20 "wage regions." Nordwürttemberg Nord-Baden, but as this is one of the most weighty areas, as well as the first to reach the mediation stage, the results of the talks are expected to have a strong influence on the remainder of the country. Two of the other important regions Nord-Rhine Westphalia and Hessen, are not far behind the Stuttgart negotiators in time, and in many other areas talks are on the verge of collapse, so

the situation could escalate rapidly to affect a fair proportion of the country's 4.3m. metal workers.

The negotiations have more political content than almost any other wage talks in recent years, as they come when the economy is at last cooling off after three years of boom. Faced with reduced profits and equally gloomy prospects, in some cases at least, the employers have gone to great lengths to enlist public support for their offer. Having just inserted large advertisements in a number of influential newspapers, they have now tried to get the Bundesbank to deliver its detailed opinion about the wage situation. All the indications are that the bank will refuse to be drawn into the detailed argument, although its general position was made clear several weeks ago when President Klusen called for an "iron" wage and price discipline.

Bonn tax plans attacked

BY CHRISTOPHER LORENZ

FRANKFURT, Nov. 1

THE GERMAN subsidiaries of major international companies have got together to attack Bonn's proposals for tax reforms. A number of companies, including German Shell, had joint talks last Friday with the Finance and Economics Ministry at which they expressed their concern at the effects that the plans will have if they become effective, as planned, from 1974. They intend to continue their campaign.

The point at issue is the pro-

posed unification of corporation tax rates. At present the tax is levied at a basic rate of 51 per cent. on retained profits, but only 15 per cent. on earnings paid out in dividends. Some German tax experts allege that the subsidiaries of foreign companies pay out a high proportion of their earnings to their foreign parents. This view is challenged by companies such as Shell, which insist that after various complex tax calculations have been made, they do not stand at an advantage.

Brezhnev says security conference takes shape

BERLIN, Nov. 1

SOVIET PARTY Leader Leonid Brezhnev said here today the prospect of a European Security Conference was beginning to take shape, but warned of many long-term European problems yet to be solved. Rounding off the talks he has held with East German leaders since he arrived on Saturday from Paris, Mr. Brezhnev reassured his hosts that regard for East Germany's sovereign interests represented "the ABC of the European policy of the countries of socialism."

The Soviet leader—speaking at a formal luncheon just before his departure for Moscow—said his talks here had ended in complete unity of views in all questions discussed. He spoke encouragingly of the "good and favourable changes" that were taking place in Europe, and added: "The prospects for calling to shape, but warned of many long-term European problems yet to be solved. Rounding off the talks he has held with East German leaders since he arrived on Saturday from Paris, Mr. Brezhnev reassured his hosts that regard for East Germany's sovereign interests represented "the ABC of the European policy of the countries of socialism."

Turning Europe into a Continent of secure peace meant excluding the use of force and the threat of use of force in relations between states, Mr. Brezhnev said. It also meant having regard for the equality, independence and sovereign rights of every state. "It means finally pulling down all artificial barriers which oppose the peaceful co-existence of the European states, regardless of their social order." The principle of inviolability of post-war frontiers had found general de facto recognition, the Soviet leader declared.

He paid tribute to "the realistic steps" of the Bonn Government in European affairs, but at the same time warned of "reactionary, chauvinistic-minded circles in West Germany" who he claimed were trying to torpedo the easing of tensions. "There are—and we spoke thoroughly about this today—many questions of a long-term settlement in the heart of Europe still to be solved. Before us lies a grave, political struggle," he said.

A communique issued later stated that the talks took place on all three days that Mr. Brezhnev was there, confirming the impression that his visit had a thoroughly businesslike character. It also confirmed that the East-West German negotiations on Berlin were among the subjects raised during the discussions, in which Herr Walter Ulbricht, the 78-year-old head of state, surprisingly last May, resigned as party leader last May, officially because of advancing years and ill-health, and has not been seen in public since mid-June.

Reuter

Albanian Party Congress opens

By Our Own Correspondent

VIENNA, Nov. 1

THE Sixth Congress of the Albanian Communist Party, which opens today in Tirana, will approve an ambitious new Five Year Plan (1971-75) setting a 60 to 65 per cent. growth target for industry. The draft submitted to the Congress continues to maintain the primacy of heavy industry and "reliance upon one's own forces." Investments, rising by 75 per cent., should equal the total made between 1961 and 1968.

The report of the Party leadership also claims that industrial output during the past five years was rising at an annual rate of 12.9 per cent. as against the originally projected 8.7 per cent.

THE POLISH SCENE

Winter of uncertainty ahead

BY MICHAEL SIMMONS, EAST EUROPEAN CORRESPONDENT

IN A FEW weeks' time, Mr. Edward Giersek, the Polish party leader, will officially consolidate his position as effective head of a state still simmering with discontent. The occasion will be the Sixth Party Congress, at which he will be able to look back with probably very mixed feelings on almost a year in office.

If he uses the recent words of his trouble-shooting Prime Minister, Mr. Piotr Jaroszewicz, he will say that "conditions in Poland are now good thanks to the creative efforts of the people." But if he recalls his own words to the Central Committee of just a few weeks ago, then he will deal painstakingly and at length with what he called "the important and urgent problems of Poland's economic development."

The probability is that, being a realist, he will do neither. As an honest man, he will have little choice. For the Poles, to judge from their own pronouncements, are heading for a winter of considerable uncertainty—particularly on the consumer front, where, in spite of official optimism, a number of other areas, the situation often seems unacceptably to resemble that which brought the downfall of the un-lamented Mr. Gomulka.

Some weeks ago, for instance, a report in *Zycie Literackie*, one of Warsaw's heavyweight newspapers, described a market place in Nowy Targ, a relatively well-off town in southern Poland. "The women," it said, "are rushing like herds of wild horses from shop to shop with a mad look in their eyes. There is no meat in the shops, very little bread, precious little tinned food, fresh fruit or vegetables. The women are up in arms."

Some of the women, the writer went on, had travelled 25 miles to get supplies. "Have they got to return home empty-handed?" he asked, or should they move on, by a doubtful public transport service, as far again to a place where "rumour" had it supplies might be better.

This journalist, Mr. Jerzy Lovell, writing with a frankness that has had few parallels in post-war Eastern Europe, said

that the "hysteria" and "hostility" he saw in the shops were not confined to this one provincial town. "Throughout Poland," he added, "the 'trade war' rages. Such a state of affairs, one feels, cannot go on. There has to be a breakthrough, or a crisis. The matter is very, very serious."

This sort of thing cannot help Mr. Giersek to sleep any easier at night. And it probably gives Mr. Gomulka cause for a wry smile or a trenchant footnote as he goes on writing his memoirs. The major difference between now and a year ago (when Mr. Gomulka was still in the hot seat) is that the people did not have the same faith as they may now have in the safety-valve of straight-talking journalists. It is to Mr. Giersek's credit that he is encouraging people to speak up about their grievances in the hope of getting something done.

But Mr. Giersek's pre-occupation now, as he works out his Congress speech, must be to assess to what extent the situation has improved during his tenure of office, insofar as he can expect it to have improved, given the very bad state of the national economy and its very limited reserves when he took over. The odds are that he will find that the balance of supply and demand—as the Nowy Targ experience and others like it are showing—has improved only marginally. In this case, he will doubtless have to ask himself to what extent his new brooms have been able to sweep clean.

On the socio-political front, he will argue that there have been definite changes for the better. "Friction and tension" throughout the country, Party officials have been removed from their posts—often at popular instigation. So-called "conversations" have led to the removal from the Party of scores of thousands of dilatory members. Non-Party people occupying strategic positions in the economy and in local government are being encouraged to play a more vigorous role.

Indeed, the régime is counting a great deal on just such encouragement. It is offering itself to the people for judgment, even for overt criticism (though

Poles I have met remain very sceptical or what real scope they have here) and telling them that, within legal limits, they must protest whenever they think fit. Even occasional strikes—going under the euphemism of "work stoppages"—have taken place without too much disapproval from above. The reasons given for the few that have occurred was that work conditions were not always good. And there have been some reports of demonstrations in the streets of provincial centres, though these, where acknowledged, have more often than not been put down to "hooliganism or drunkenness (still a major social problem)."

Such "freedoms" of expression are being enjoyed by people still agitating for a better life. At official level, such agitation goes on because the Party is still on the offensive against what it calls old-fashioned and outworn habits and attitudes and wants to develop a sense of responsibility. At other than official level, there is a feeling that the Giersek leadership want people to get things off their chest. The authorities seem to be saying that if the grudge-bearers can just verbalise their grudges, then they will be the better off for doing so. Pent-up anger, according to this argument, does no one any good—because when it does explode it leads to the disasters of last December.

Thus, Party organisations "at all levels" have had explicit instructions to listen to and, where possible, to deal with people's complaints and suggestions. The aim is to uncover all sources of "friction and tension" and to settle citizens' problems. At Lodz the Party was publicly accused of "unsatisfactory human relations, soullessness, abuse of authority and hypocrisy."

In recent weeks, therefore, at the industrial centre of Opole, local bureaucrats have been castigating for failing to supply clothes in foreign currency (that is, about \$38m. at the commercial exchange rate). In addition, to meet food shortages, some 3m. tons of grain (around \$75m. worth in the hard currency area) had been bought abroad. Such shortages in foreign currency inputs that occurred a year ago, Mr. Giersek, no doubt, knows this very well. He may be gathering people about him who wholeheartedly support his policies, but he knows, and they know, and a manifestly discontented population knows, that he still has an uphill struggle to see these policies implemented.

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JOHANNESBURG, Nov. 1.

BY OUR OWN CORRESPONDENT

LACOE Nov 1

BY OUR OWN CORRESPONDENT

Almost on an official level was their visit to Ghana and their local talk with Dr. Kofi Busia who saw them at the Christiansburg Castle. He gave them champagne, told them he accepted the principle of dialogue, but like other leaders he was studying the best ways of bringing it about. He told Mrs. Matsumoto that the Government would not undertake in consort with other African leaders, and that it should produce change in South Africa's race policies, all of which fitted in with the Progressive Party's own ideas on the subject.

Kenya, to their astonishment, the Progressive team after talks with Vice-President Arap Moi and the Attorney General

par-Africinish! War was not against White South Africans as they thought. South African racism. Most leaders they talked to were looking for a peaceful way to end apartheid, and most believed that dialogue must be accompanied by radical moves towards internal change.

The first development from the tour to South Africa was a move by Mr. Eglin to launch an "Africa contacts" scheme whereby young White progressives will be able to spend some time at African universities and other institutions and discuss with Africans ways and means of breaking down the barriers of apartheid. It would be possible to invite Africans from Black states to visit South Africa.

The world's total air cargo system. We work at it.

DECCA LIMITED

Increased profits anticipated in current year

“... each division is expected to make a major contribution”

Sir Edward Lewis (Chairman)

The 41st Annual General Meeting of Decca Limited was held on November 1 at Winchester House, 100 Old Broad Street, London, E.C.2. Sir Edward Lewis (the Chairman), who presided, said:

After the previous year's record results it is disappointing to have to report reduced profits for the year to 31st March 1971. Group Turnover improved by 9% to £66,700,000. Overseas turnover, including direct exports, showed a marginal reduction at £38,400,000. Exports were maintained at £16,400,000, representing 37% of the U.K. companies' turnover, against 43% for the previous year.

In the Consolidated Profit and Loss Account, the balance from trading account amounted to £7,247,000 against £9,341,000 the previous year. Group profit, after charges for depreciation, interest etc., which increased by £341,000, was £3,004,000 against £5,339,000. Taxation absorbed £1,164,000 against £2,569,000 leaving after exceptional items of £2,840,000, a net profit of £1,675,000.

We are recommending a final dividend of 9.15p per share, making a total of 9.15p per share, the same as last year (1/10d).

The Consolidated Balance Sheet sets out the position of the company and its subsidiaries as at 31st March 1971. Fixed assets are £13,880,000, a reduction of £196,000. Current assets, including cash £2,477,000, stocks and work in progress £20,787,000 and debtors £26,823,000, total £50,087,000, which exceeds current liabilities by £22,120,000. Bank loans and overdrafts total £9,777,000, against £7,010,000 at March 1970.

Difficult conditions in the U.S.A. record industry and, to a lesser extent, in Canada, contributed to a substantial decline in turnover in North America during the second half of the year and to a sharp decline in profits. Costs of international exploitation of navigational equipment for airlines, particularly in the U.S.A., have been the main reason for inadequate profits of the Navigator activities in recent years.

Production problems affecting the output of radar became apparent towards the end of the year, when an extensive programme of action was initiated. Increased output and higher efficiency are being obtained and the full benefits of the reorganisation will materialise in 1972-3.

As the result of a major improvement in sales of colour television and audio equipment with lower production costs, the radio and television division was operating at a profit by the end of the year.

Turnover and profits by the record division in this country showed an increase on the year, with direct exports fully maintained. The contracts with the Rolling Stones ended during the summer of 1970, with efforts to reach a mutually acceptable basis for a new agreement proving abortive. It should be noted that we retain all rights to recordings under the expired contracts.

Distribution in the U.S.A. became increasingly difficult, with adverse trading conditions and a lack of liquidity in the whole sale and retail outlets resulting in exceptionally heavy returns of records during the second half of the year. Furthermore, changes in distribution in some areas necessitated the purchase of substantial quantities of records, provision for which has been made in the accounts under review.

During the last few years, piracy of records and tapes has been rampant in the U.S. We are glad to say a Bill has now been signed by President Nixon which becomes effective in four months time. This will make all unauthorised duplications of original records and tapes a Federal offence and it will be also an offence knowingly to sell a duplicated copy. All possible steps are being taken to counter similar problems in the Far East which have been causing increasing concern.

Record business in Canada also suffered from poor trading conditions and special factors affecting record sales, though on a lesser scale than in the U.S., with a resultant reduction in profits. Teddie in Germany had its best year since the formation of the company twenty-one years ago.

The records of Tom Jones, Engelbert Humperdinck and the Moody Blues have continued to sell in volume on a world wide basis.

Active steps were taken to exploit the MAM label, which has already been responsible for the launching of a new star in the recording field, Gilbert O'Sullivan.

We have recently concluded the complete development environment only 15 miles from Edinburgh. Write for details to: Livingston Development Corporation, Livingston, West Lothian, Scotland.

Livingston: The Pacemaker

deals, under which we have world-wide distribution rights with Chapter One, Greenwich Gramophone and York labels, the two former being owned by Les Reed, the well-known composer of popular music and the latter by Yorkshire Television.

We were very pleased that George Solti, who has recorded for us for 25 years, received an honorary K.B.E. in the Queen's Birthday Honours List. He has recently completed his cycle of Mahler Symphonies with the 8th Symphony, for which the Chicago Symphony Orchestra came in Vienna. Solti's recording of the Magic Flute with the Vienna Philharmonic Orchestra, with the same orchestra, recordings of Tannhauser under Solti and of Boris Godunov under von Karajan were amongst our major recordings of this year. Other important recordings included the Huguenots with Joan Sutherland and Beethoven's Egmont under late George Szell. Owen Winfield, Benjamin Britten's first opera on television, was recorded and also his Rape of Lucretia, both under his direction.

Profits from music publishing increased, reaching six figures for the first time. Sales of pre-recorded cassette tapes continued to grow, though still representing a small percentage of total output.

Last year I referred to the notable development by Teldec, Decca and AEG-Telefunken, of the world's first Video Disc system. At that time successful public demonstrations had been given of black and white pictures shown on the screen of a normal television receiver. The system was demonstrated in colour for the first time at the Berlin International Radio and Television Exhibition in August of this year. These demonstrations have stimulated active interest from potential licensees, programme producers and user organisations on a world basis. It is generally considered by independent and authoritative observers that the Video Disc offers the simplest and cheapest method of providing pre-recorded audio-visual programmes for the mass consumer market.

We hope that it will be possible to market the Video Disc system in the U.K. during the year 1973/74.

Navigator
Installation of Decca Navigator marine receivers continues to expand despite delayed deliveries of our latest and most sophisticated solid state receivers. These receivers have, however, been in production since the beginning of the current financial year and substantial deliveries are now being made.

Three new main transmitting chains were brought into operation along the South Africa coast and others in Japan, Finland and covering the Southern Baltic. More recently the equipment for the Europort, Rotterdam chain has been delivered. A contract has been signed for the setting up of a Decca Navigator Chain in Ireland.

Sales of our marine autopilots have increased. In the U.K. 120 out of 189 ships over two thousand tons, building for British owners, fit our equipment and systems, for autopilots for over 350,000 ton super-tankers for Gulf Oil, building in Spain, have been received. We have recently introduced a smaller unit, packaged for the medium ship, and this high quality budget priced unit should find a ready market for fishing vessels and work-boats.

Our Survey business has continued to expand on a world-wide basis. We were gratified to receive The Queen's Award to Industry for Technological Innovation for the basic concept of Hi-Fix one of the company's most outstanding survey systems. Major hydrographic surveying contracts are being executed for Nigerian Ports Authority, Shell in Brunei and in the Middle East. We now have overseas survey subsidiaries in U.S.A., Australia, West Africa, Japan and Singapore. We are deeply involved in the U.S. Government authorised fully automated hydrographic system. There has been a sharp reduction recently in the placing of U.S. Government

orders in the survey field, including the suspension of the present pest control programme for which we provided the aircraft guidance. A temporary reduction has accordingly been made in the personnel of our U.S. survey subsidiary.

In the aviation field we continue to make important sales of the Decca Navigator System and of Doppler and Loran equipment, particularly for military applications at home and overseas. In order to improve our profits we are concentrating our efforts on product lines and markets promising an adequate return and on the reduction, wherever practicable, of expenses. Our reorganisation is well advanced with new marketing policies being followed. Changes take time to prove effective but, already, good results are being shown.

The operation of the New York Chain, which was set up some fifteen years ago under an FAA licence as an aid to the helicopter operations of New York Airways, has now ceased, since there is no longer an air requirement. Proposed new and onerous Coast Guard conditions made its relocation as a marine service impracticable.

If the U.S. Government decides to implement at a later date plans for a navigational system covering the entire U.S. coast line, it is possible that the Decca Navigator System may be selected for this purpose.

The fitting of the Eastern Airline shuttle fleet with Decca Omnitrac equipment has now been completed, with encouraging operational results and expectations that the project will be achieved. Substantial contracts have been obtained from the U.S. Coast Guards and Air Force for Loran C.

With the clearance of problems associated with Rolls-Royce and Lockheed, the 101 Tristar programme is in full swing again and it is expected that a number of Mona Navigational systems, the joint development of Decca and Ambat, will be supplied to Lockheed during the next few years.

New products include internationally accepted aids such as a solid state Non Directional Beacon, for which substantial orders have already been received for the U.K. and from overseas. We have secured sales and manufacturing licences for ground instrument landing system equipment from the Thomson C.S.F. company in France.

In the face of strong competition and following extensive environmental testing by the U.K. French and Swedish Governments, our Doppler equipment was chosen by the Royal Air Force for the Force and Shackleton aircraft, by the Royal Swedish Air Force for the SAAB Viggen and, more recently, by the Royal Swedish Navy for new K.V. 107 helicopters. In addition, our equipment, built under licence in France by Electronique Marcel Dassault, is in course of delivery for the French Air Force and Navy Jaguar planes.

Our helicopter Doppler navigation system, which includes our newly developed Tans computer, has been selected for the Lynx helicopter presently being developed for the Royal Navy and Army.

Radar
Our leadership in marine radar is maintained and new designs have achieved wide acceptance. This year we received The Queen's Award to Industry for technological innovation in solid state marine radar and in doppler radar velocity sensors for helicopters and fixed wing aircraft. Deliveries are now being made of big ship 10 cm equipment, and solid state 3 cm radars for medium and small ships and river vessels.

The sale of the company's successful Transar range of 3 cm radar for larger vessels continues at a satisfactory level. The simple and reliable anti-collision radar, which we introduced three years ago, is taking a significant share of the world's business in first class tonnage. Radars especially designed for yachts and work boats continue

to be in high demand. An order was received recently from Esso for dual installation radars for 19 new buildings and replacement radars for five tankers to the total value of about £300,000. We have maintained our position as market leaders in the supply of harbour radar systems.

Orders for Decca Isis equipment, providing centralised surveillance of ships machinery and cargo systems, include systems for ships of the new tanker fleet now on order for B.P. and for three large container ships on order by Ben Line. The first Isis installation in Japan was completed on board the 215,000 ton B.P. tanker the 'British Pioneer'.

Following the successful installation of our Airfield Surface Movement equipment at Orly, Paris, at the end of last year, we have good prospects of further orders for this advanced equipment, which presents the latest radar picture of aircraft movement on the ground.

Further contracts of substantial value have been received for the radar system which we developed for the British Aircraft Corporation's Rapier missile system, covering requirements for both H.M. Government and overseas countries. Delivery of equipments against our main production contracts commenced this year, the present programme providing for increased deliveries in 1972.

Our Hersham and Davis Road laboratories continue to be engaged on research and development contracts for H.M. Government over a wide area of application. Investment in private venture research and development is continuing at a high level to keep our products in the forefront of modern design and to maintain and improve our position against strong international competition.

Our Setpoint subsidiary, manufacturers of electronic industrial control equipment, is engaged in executing the important contract for the materials quantity control system for British Steel Corporation's new steel making plant at Scunthorpe, and in the supply of specialised products for the steel industry in the U.K. and overseas.

Current Year
Fluctuations in exchange rates and import surcharges are factors which affect all companies such as ours engaged in international trade. It is not anticipated that the U.S. and Danish surcharges will have a significant effect on our margins.

Sales of records in the U.S. have been at a reduced level for the first half of the current year, resulting in a substantial reduction in profits. The results of the second half should show an improvement on the comparable period last year, in the home market, record sales have been maintained at a satisfactory level.

During the last few months sales of colour television have improved sharply. As a result of the continuing high demand for television and audio equipment, the profits now being earned in this division are becoming of increasing significance in relation to the group as a whole.

The Navigator and Radar companies are showing much improved results.

Group profits for the first six months should be maintained at about the level of the comparable period last year and, subject to no unforeseen developments, we look for a satisfactory increase for the full year, to which each division is expected to make a major contribution.

It is my pleasure to express, on your behalf, our sincere thanks to all who work in Decca at home and abroad for their devoted efforts on which the health and prosperity of the group so much depends.

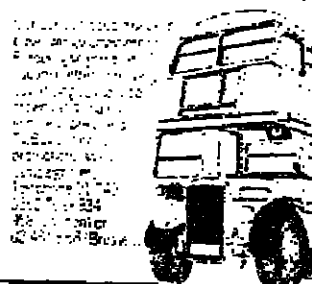
The proceedings terminated with a hearty vote of thanks to the Chairman, Directors and all who work in Decca. At the conclusion of the meeting a demonstration of the Teddie Video Disc System was given and received an enthusiastic reception.

SUMMARY OF CONSOLIDATED RESULTS—YEARS ENDED 31st MARCH

	Turnover	Depreciation	Profit before tax	Profit after tax	Dividends	Ordinary shares	Preference shares	Unredeemed debentures	Unredeemed debentures
£	£	£	£	£	£	£	£	£	£
1967	50,000,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
1968	55,000,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
1969	60,000,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
1970	65,000,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
1971	66,700,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000

Notes: 1. The figures are in £ thousands unless otherwise stated. 2. The figures are in £ thousands unless otherwise stated. 3. The figures are in £ thousands unless otherwise stated.

HIRE A CROWD STOPPER!



CONCRETE SLAB RECORD CLAIM

What is believed to be a record for laying a solid concrete slab of 1,000 cu. yds. took place at Rushin, Middlesex, yesterday. The complete operation took under 17 hours.

Alfred Robinson (Builders and Contractors), of the Bardon Green, is to build a 12-storey block of flats on the site.

A team of 10 operatives were supported by a continual delivery of concrete from Mixconcrete, which came from two sources of supply.

NORTH SEA OIL

Aberdeen awaits the boom

Andrew Hargrave describes the rush to provide supplies and services for the oil exploration companies, and the hoped-for prosperity which awaits Aberdeen

WHEN executives of British Petroleum had their first get-together with the Aberdeen business community a year ago, the reception was cordial but cautious. Aberdonians are hard and canny people who prefer to adopt a wait-and-see attitude where risks are considerable, such as they are in the expensive business of oil exploration. BP could not say for sure how significant its oil strike about 110 miles off the city in the North Sea would be, or even whether it would be worth tapping.

Land line

A lot has, of course, happened since that intervening year, including BP's recent announcement about laying an underwater pipeline to Cruden Bay, near Peterhead, and the plan to take the oil from there in a 140-mile land line to its refinery at Grangemouth. Even in Aberdeen, not many would doubt that the boom is just around the corner.

Among the handful of Aberdonians who got off to a flying start is Mr. James Simpson, until recently assistant general manager and secretary of a local whisky company. He had for some years been anxious to have his own business and had, in partnership with the general manager, Mr. Arthur White, been running a small company lending out vending and fruit machines to pubs.

Although he knew no more about oil exploration than he has learnt from a life-long friend who happens to be a geophysicist, he soon realised that a host of services would be required by the exploration companies and their suppliers. So he set about providing them early this year through the Aberdeen Service Company of which he is sole owner.

Mr. Simpson may have known little about oil, but having been in the liquor trade, he knew about bonded warehouses. So he began to look for warehouse space along the quayside to store vital materials and equipment needed for oil drilling. As luck would have it, the whisky company sold out to Allied Breweries, leaving the warehouse vacant to be first-leased and then bought by Mr. Simpson.

He soon acquired further space by buying two adjacent coal warehouses and by leasing a third one. To-day Mr. Simpson has about 130,000 square feet of space for warehousing and other purposes and is looking for more.

Storing raw materials such as drilling muds, cement and chemicals did not satisfy Mr. Simpson's ambition for long. He is now also acting as agent for the companies selling them. Some of the warehouse space has been converted into whole floors of offices, and he has even undertaken to build a factory for the oil exploration specialists, Schlumberger's, at Dyce Airport, near Aberdeen.

Oil explorers as well as suppliers need office staff, skilled mechanics and casual labourers, transport, plant and other equipment, and spares on a permanent or temporary basis. So Mr. Simpson decided to meet these needs from his own resources.

Other Aberdeen business people have been slower on the uptake, but the signs are that

they are rising quickly to the challenge, which is expected to reach its first peak in two or three years' time when the oil begins to flow in commercial quantities from BP's Forties Field, as well as from others (including Shell, Amoco, Total, Hamilton Brothers, Continental Oil, etc.).

Local shipping and forwarding agents, caterers and car hirers were among the first to take up the challenge; but the two local shipyards, Hall Russell and John Lewis and Sons, are now doing maintenance and repair work on service boats and a couple of engineering companies are seriously considering going into the oil tool business.

Aberdeen Harbour Board, no doubt taken aback by BP's decision to have its oil rig supply boats serviced in Dundee, last month decided to make its basin non-tidal, providing 24-hour access to the boats, at a cost of £1.5m.

Apart from local interests there has been a considerable influx in the past few months from the outside, particularly from Great Yarmouth, with the suppliers and services of natural gas explorers moving house to North-East Scotland. The latest count mentions 58 companies now operating in the area, with a further 15 coming in the near future, as well as between 50 and 60 seriously considering such a move.

Self-financing

So far his operations have been self-financing, and the fruit and vending machine hire company as well as two pubs he has acquired recently with Mr. White (with a further two under negotiation) have helped to finance his rapid expansion. The time is fast approaching, however, to seek a substantial bank loan and, as the oil boom is gaining momentum, he is not likely to have any difficulty in securing it.

However, there will be plenty more work to go round when the oil strike really gets into its precious liquid.

At present only five rigs are at work in the North Sea, with a sixth under repair. With the next couple of years the expectation is for 20 to 30 rigs and production platforms operating in the area, each requiring shore-services costing an estimated £1m. a year.

In addition, the laying of BP's 140-mile land pipeline from Cruden Bay, near Peterhead, to the company's Grangemouth refinery will also have begun. Other oil explorers may singly or in combination also require pipelines. This would provide plenty of work for local contractors of which the Aberdeen Construction Company is the largest in the area.

Growth point

Further north, in the Moray Firth, at Peterhead and in the Shetland Islands, new opportunities will open which, although on a smaller scale, will be of great economic benefit to the local communities. At Invergordon, for instance, a Highlands "growth point" plans by Brown and Root (U.K.) to build large production platforms could produce anything from between 80 to 1,100 jobs. There are reports of a second company interested in a similar project.

No oil man would dare to forecast the extent and duration of the North-East oil strike—whether it will produce a quarter, half or all the oil Britain is expected to need by the end of the decade. But already the city of Aberdeen, with little outward change, has begun to take note.

The economy of the region, based for so long on fishing, paper, textiles and other staple industries, is certain to change dramatically in the next few years. The North Sea strike will leave its mark long after the last well is drained of its precious liquid.

All of these securities having been sold, this announcement appears as a matter of record only.

T

Texfi Industries, Inc.

\$25,000,000

4 3/4% Convertible Subordinated Debentures due October 1, 1996

237,500 Shares

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Blyth & Co., Inc.

Drexel Firestone
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Eastman Dillon, Union Securities & Co.
Incorporated

Hornblower & Weeks-Hemphill, Noyes
Incorporated

Lehman Brothers
Incorporated

Loeb, Rhoades & Co.

Paine, Webber, Jackson & Curtis
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Carolina Securities Corporation

First Securities Corporation
of North Carolina

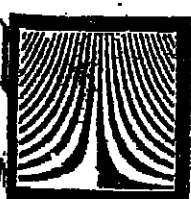
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Moore & Schley, Cameron & Co.

Schneider, Bernet & Hickman, Inc.

Varnedoe, Chisholm, Skinner & Co., Inc.

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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOUTERS

TRANSPORT

Transfers the load

NEARLY all single-drive tandem bogies on British heavy chassis can be equipped with an air-operated load transfer device developed by York Trailer Company. It is designed to suit any chassis whose driving axle is symmetrical above and below the half-shafts.

Each unit is tailored to the axle beam and chassis configuration. Individual chassis characteristics have been allowed for by manufacturing and fitting units at York's specialised truck equipment division factory branches, where operators are able to bring their vehicles for purpose-built attachments to be incorporated.

Air from the vehicle's brake system is harnessed to provide the power needed to transfer weight from the trailing to the driven axle of the bogie. To protect the secondary brake circuit against leakage in the load transfer system a tapping normally is made into the auxiliary line via a balance valve to ensure in the brake line cannot fall below 65 p.s.i.

Normal supply pressure to the device is 80 p.s.i. Air is fed to a pair of 9-inch diameter Firestone Airride double-convolute rubber bellows. These are interposed between an additional channel-section chassis crossmember immediately above the driving axle, and a saddle bracket mounted on the axle casing.

Up to 21 tons of the bogie's total loading can be transferred to the axle providing the traction. On a four-spring suspension with equal rocker beams this represents as much as a 15 per cent. weight transfer on a fully-laden vehicle. In all cases the loading conforms to the manufacturer's static axle loading design limitations.

Collection of milk from farms had been hindered by lack of traction on poor tracks, which also led to excessive tyre wear caused by scrub on the drive axle covers. This necessitated tyre replacement on the bogie after only 4-6 weeks. Harsh oscillation of the suspension over rough surfaces also resulted in a high incidence of U-bolts and spring breakages particularly on the driving axle.

Installation of the load transfer unit has had the effect of extending the period between tyre replacements to around six months. At the same time suspension failures have been eliminated by the damping effect of the device. The company's drivers normally operate the small selector switch in the cab as soon as they move from hard roads on to unmade surfaces.

AUTOMATION

Analog process controller

THREE-TERM analog process controller which can be linked with a digital computer has been introduced in the U.K.

Although each installation would be "tailor-made" a standard control panel would probably incorporate an annunciator panel, several banks of process controllers, a six channel recorder using a 12-inch chart, and a built-in power pack.

Each process controller has a front presentation 6 inches high by 1 inch wide containing pointers indicating the process variable and the control valve position. It is equipped with set-point wheels and a switch control for bumpless automatic/manual changeover. Controls are fitted for the three terms, and for remote/local setpoint, valve operation, valve meter reversing, and for multiplying the reset and proportionate band settings by ten, giving wide control.

Standard cases are available to house 4, 6 and 12 control instruments; all the instruments in the range have identical plug and socket wiring at the back irrespective of their function, allowing any instrument to be fitted into any case channel. The terminal strip at each channel back is standardised, and in a matter of minutes, says the maker, after a decision has been taken to change the function of any case channel, the appropriate instrument can be fitted to the channel and plugged in, the appropriate case-back terminals pushed connected to the required field wiring and the process is on control.

The instrument range embodies integrated circuits, and the maker claims that this results in less than one-third of the components required in similar equipment for one-sixth of the usual number of soldered joints which could cause trouble.

The controller is made by Fisher Process Equipment, St. Faith's Street, Maidstone, Kent, who states that the equipment is to be installed in three major chemical works in this country.

By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

METALWORKING

Portable X-ray unit

AN AUTOMATIC, self-contained X-rays for radiographs of thin objects with minimum attenuation. A fluoroscopic accessory instant, high quality radiographs, can be provided for visual inspection and attachment are available for flowline inspection techniques. The unit operates from a standard electric mains supply.

Applications include detection of defects in welds, castings and small intricate devices; checking faults such as misalignment, inclusions, missing elements and poor fabrication in printed circuits, relays, registers, encapsulated components, moulded cables and connectors, examination of fine bore capillaries, bi-metal products, control instruments, quality control; batch inspection and production method studies.

Equipped with automatic exposure control the unit has an adjustable voltage source from 10 to 110 kV peak with 3mA current, ensuring good contrast over a range of object thicknesses and densities. Units can be supplied for operation up to 130 kV peak to radiograph through 1 inch steel plate or equivalent. Maximum definition and resolution is provided by the small X-ray source size of 0.5mm. A thin beryllium window on the X-ray tube transmits soft

Hopper engine repaired

WHEN a Clyde Port Authority hopper was taken out of service for minor repairs, cracks were discovered in both the port and starboard sides of the high-pressure cylinder of its twin-screw triple expansion engine. Because of insulation the fracture on the port side of the cylinder was not noticed until it became evident that a normal vacuum was not being registered when the engine was tested. The crack was repaired, and when the hydraulics were tested the other fracture in the starboard side was found. The fractures measured 18 and 12 inches respectively and were 11 inches deep.

The hopper was built at Wm. Simons' yard at Renfrew which shut down about 10 years ago and it is unlikely that the Clyde Port Authority would have gone to the expense of having a new pattern and a casting made and machined—estimated cost £11,000 plus another £5,000 for stripping.

In fact, the cylinder was repaired for less than £100 and the hopper is back in service.

The repair involved drilling a series of holes at right angles to the fractures. Keys made of a special alloy were inserted in layers by a pneumatic hand tool until the depth of the parent metal was filled. To give a total seal, a further series of apertures was drilled along the line of the fractures into which alloy studs were inserted to provide a rigid and pressure-tight repair. The whole repair was carried out "cold".

The special alloy keys and studs were supplied and the repair carried out by engineers from Metaleck, Wates Way, Mitcham, Surrey.

Big slide bearing

LARGE sliding movements in piping, duct work and similar kinds of equipment can be dealt with by a new range of pipe support bearings announced recently by the Glacier Metal Company of Alphen, Middlesex.

Designed by Glacier's structural bearings department, the system has low frictional resistance in the plane of movement which is maintained by the use of polished stainless steel and Glacier DZ (PTFE) bearing surfaces.

At the same time the company announced that it has won contracts for its type PC bearings for the mile-long pipe run at Esso's Milford Haven pipe jetty.

Cleans dies without scratching

KNITTED copper gauze is now available for cleaning dies or any steel part. The soft copper is said

to ensure that the steel is not scratched or worn. The material is knitted into a circular sleeve, 5 inches in diameter, from flat copper wires, 0.002 by 0.019 inches. A length of the gauze is cut from the roll and used to scrub the surface of the part to be cleaned. A properly shaped part can be cleaned by pulling the strip back and forth over it in a shoe-shining motion. The knit is open and resilient, having both strength and flexibility, says Metex Corp. of 970, New Durham Road, Edison, N.J., U.S. Unlike woven wire products, it is not stiff and its wire loops are not likely to splinter as are the straight wires in woven metal. The rectangular wires in the gauze keep a scraping edge always exposed, the company says. When worn, the sleeve can be turned inside out to give a fresh edge.

ELECTRONICS

Displays letters and numbers

GALLIUM arsenide phosphide light emitting diodes are used in a display that will indicate 14 distinct letters as well as the numbers 0 to 9, just announced by Monsanto Chemicals, of 10 to 18, Victoria Street, London, S.W.1.

The display utilizes a 0.27 inch high character made from eight diffused planar segments. The eighth segment is in two parts placed to make it easy to distinguish between letters and decimals. The array is housed in a 14-pin dual in-line package and has a lens to provide a good contrast ratio.

The display is available from Monsanto's two special products distributors in the U.K.: Semicon, of 5, Northfield Estate, Beresford Avenue, Wembley, Middlesex, and Semiconductors, of 10, Fairfield Road, West Drayton, Middlesex.

Miniature solenoid

THE first model of a new range of miniature solenoids has been put on the market by Westco of Bishop Auckland, Co. Durham.

Called the D5, it features a rectangular box frame construction. Both frame and plungers have a corrosion resistant finish and the coil is encapsulated to protect it against humidity and fluids. Insulation is to BS2757 class E, permitting a maximum temperature rise of 80 deg. C above a 30 deg. ambient.

Both ac and dc versions of the D5 are available in the following voltages: 24, 110, 230, 240 50 Hz, 110V 60Hz, and 12, 24V dc. The solenoids can be supplied for continuous or for intermittent rating. Maximum stroke of the plunger is 24mm (0.98 inch). Overall dimensions with the plunger seated are 65 x 38 x 47 mm (2.56 x 1.50 x 1.85 inch), weight 275g.

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The Asbestos Information Committee
10 Wardour Street, London W1V 3HG, Telephone: 01-734 7617

Growth

Further north in the North Sea, at Peterhead, Scotland, a new 1,000-ton oil rig is being built. It will be the largest of its kind in the world. The rig is being built by Brown and Caldwell, Glasgow, for the oil company. It will be used to pump oil from the North Sea. The rig is being built in a hurry, as the oil company wants it to be ready by the end of the year.

No oil man would forecast the extension of the North Sea oil field. The oil company is expected to extend the field to the end of the year. The oil company is expected to extend the field to the end of the year. The oil company is expected to extend the field to the end of the year.

COMPUTERS

RCA in new venture

RA has been selected by NASA as the U.S. space agency, to develop test model of a space computer that would be 100 times smaller and lighter than equivalent commercial systems. The microprocessor could be the forerunner of a system for future manned and unmanned space vehicles such as the Space Shuttle and the Orbiting Space Station.

The shuttle is a reusable craft that will take off like a rocket and land like an airplane. The space station would be a permanent orbiting laboratory able to accommodate a contingent of scientists.

Heart of the computer—under development by RCA will be a large-scale integrated (LSI) chips—one-eighth-inch square chips each containing up to 600 electronic elements. Although the computer will weigh just 10 pounds, occupy one-half cubic

feet and require only 15 watts of power, it will be capable of processing functions equivalent to room-size commercial computers.

RCA is developing the SUMC demonstration model under a \$587,000 contract from NASA's Marshall Space Flight Center, Huntsville, Ala. It is one of several continuing computer systems projects under way in the company's Government and Commercial Systems group.

These two installations amount to a total value of \$63,000. At Kendall, the System Ten configuration consists of a 20K core central processor, two disc drives and two work stations. The service includes sales, accounts, purchase accounts, nominal and private ledger accounts and payroll. From these accounts, a draft trading, profit and loss and balance sheets can be prepared instantly. In addition, both sales and purchases can be analysed in different categories such as area and product.

System Ten at MBI consists of a 20K core central processor, a works station and a disc drive. A further nine System Ten computers with a total value of \$330,000, will be installed by the Friden Division of Singer before the end of 1971.

Storing a huge file

THE General Nursing Council for England and Wales is to transfer its records of 600,000 qualified nurses and 120,000 nurses in training from the exist-

ing 12,000-cubic-foot Kardex filing system into only two footcub size folders, using the technique known as Micromation, or (OAI) (Computer Output to Microfilm).

This technique enables computer records contained on magnetic tape to be converted directly printed on to microfilm cards measuring 6 x 4 inches. The equivalent computer printed record will be reduced in size by 42 times, thereby enabling each microfilm to hold about 4,000 records. Also by means of the computer techniques being used, a nurse's record will be processed from initial entry to training through to final qualification, and subsequently amended as necessary. This will streamline the Council's updating operations, and reduce the effort required.

The contents of the 10,000 card trays of qualified nurse records will be transferred to about 160 microfilm cards which will then be held in a special footcub size folder for access. These records contain statutory details of nurses who have qualified at training schools in England and Wales, and of nurses trained in other countries whose training has been recognised by this Council.

In the spring of 1970 the Council asked Price Waterhouse Associates, the international firm of management consultants, to examine the existing system and advise whether any improvements could be made. The consultants recommended the use of computer techniques with microfilm as the output medium in order that the Council might reduce its space requirements and its operating costs, and as a means of bringing its records more speedily up-to-date.

The system has been specified by Price Waterhouse Associates and will be developed over the next two years by Singer Information Services Company which will maintain and update these records at its Guildford centre. Sisco has indicated that the value of the contract is of the order of £250,000.

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See pages 37-39

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FIDELITY INTERNATIONAL FUND N.V.

REGISTERED OFFICE: DE RUYTERKADE 2, CURAÇAO, NETHERLANDS ANTILLES

Notice of Special Meeting to the Shareholders

Please take notice a Special Meeting of the shareholders of Fidelity International Fund N.V. (the "Corporation") will take place at 2.00 p.m. at De Ruyterkade 2, Willemstad, Curaçao, Netherlands Antilles on November 25th 1971.

The following matter is on the agenda for this Meeting:

Approval of a new Investment Management Agreement between the Corporation and Fidelity Management and Research (Bermuda) Limited, the terms of which are the same as the existing Agreement with the exception of those related to the management fee. The new Agreement replaces the present annual fee of 0.5% of average net assets plus 10% of appreciation over the year (less any accumulated depreciation) with a quarterly fee payable at an annual basic rate of 1.2% of average net assets with an upward or downward adjustment if the variation between the investment performance of the Corporation and Standard & Poor's Stock Price Index Composite (500 common stocks) exceeds 10 percentage points over a three year measuring period. During the first three years of the Agreement, the measuring period will be from the effective date of the Agreement to the quarterly date of payment. For each 2 percentage points of variation above 10 percentage points the basic annual fee of 1.2% will be increased or decreased by 0.1%, depending upon the Corporation's performance in comparison with that of the Index up to a maximum of 0.8% of average net assets annually. The maximum annual fee cannot exceed 2% nor be less than 0.4% of average net assets.

Holders of bearer shares may vote by proxy by mailing a form of proxy and certificate of deposit for their shares obtained from the Corporation's Principal Office in Hamilton, Bermuda or from the Banks listed below, to the Corporation at P.O. Box 305, Curaçao, Netherlands Antilles. Holders of registered shares may also vote by proxy by means of a form of proxy, obtained and filed in the manner described in the preceding sentence. Proxies and/or certificates of deposit must be received by the Corporation not later than 9.00 a.m. on November 25th 1971, in order to be used at the Meeting.

Holders of bearer shares, wishing to exercise their rights at the Meeting, may deposit these shares or a certificate of deposit therefor, obtained from the Banks listed below, not later than 9.00 a.m. on November 25th 1971, with the Corporation at De Ruyterkade 2, Willemstad, Curaçao, Netherlands Antilles, against receipt thereof, which receipt will enable said shareholder to exercise such rights.

By Order of the Management
Charles T. M. Collis
Secretary

Julius Baer International Limited
38 Mincing Lane, London, E.C.3., England

The Bank of Bermuda Limited
Hamilton, Bermuda

Julius Bär & Co.,
Bahnhofstrasse 36, Zurich, Switzerland



FIDELITY PACIFIC FUND S.A.

INCORPORATED UNDER THE LAWS OF PANAMA

Notice of Extraordinary Meeting to the Shareholders

Please take notice that an Extraordinary Meeting of shareholders of Fidelity Pacific Fund S.A. (the "Corporation") will take place at 4.00 p.m. at the Corporation's Principal Office, Mercury House, Front Street, Hamilton, Bermuda on November 22nd 1971.

The following matter is on the agenda for this meeting:

Approval of a new Investment Management Agreement between the Corporation and Fidelity Management and Research (Bermuda) Limited, the terms of which are the same as the existing Agreement with the exception of those related to the management fee. The new Agreement replaces the present annual fee of 0.5% of average net assets plus 10% of appreciation over the year (less any accumulated depreciation) with a quarterly fee payable at an annual basic rate of 1.2% of average net assets with an upward or downward adjustment if the variation between the investment performance of the Corporation and a combined Index composed of Tokyo Stock Exchange "New Index" (60%) and Standard & Poor's Stock Price Index Composite (500 common stocks) (40%) exceeds 10 percentage points over a three year measuring period. During the first three years of the Agreement, the measuring period will be from the effective date of the Agreement to the quarterly date of payment. For each 2 percentage points of variation above 10 percentage points the basic annual fee of 1.2% will be increased or decreased by 0.1%, depending upon the Corporation's performance in comparison with that of the Index up to a maximum of 0.8% of average net assets annually. The maximum annual fee cannot exceed 2% nor be less than 0.4% of average net assets.

Holders of bearer shares may vote by proxy by mailing a form of certificate of deposit and proxy for their shares obtained from the Corporation's Principal Office in Hamilton, Bermuda, or from those companies listed below, to the Corporation at P.O. Box 670, Hamilton, Bermuda. Certificates of deposit and proxies must be received by the Corporation not later than 9.00 a.m. November 22nd 1971, in order to be used at the meeting.

By Order of the Board of Directors
Charles T. M. Collis
Secretary

Julius Baer International Limited
38 Mincing Lane
London, E.C.3, England

Julius Bär & Co.
Bahnhofstrasse 36, Zurich, Switzerland

Rowe & Pitman
Woolgate House, Coleman Street
London, EC2R 5BL, England

The Bank of Bermuda Limited
Hamilton, Bermuda

Car men confident 'now brakes are off'

THE British motor industry was confident now that "the brakes are off," Mr. Gilbert Hunt, managing director and chief executive officer of Chrysler U.K., said in Turin last night.

"This year, our home market has been freed from most of the Government-imposed shackles which so restricted our impact at home and abroad over recent years," he commented.

Now that we are free to get on with our business as real competitors, as much among our own companies as with the very spirited opposition we see from your country and others, we can be confident in our optimistic plans for the remainder of the '70s and beyond."

Mr. Hunt, a vice-president of the Society of Motor Manufacturers and Traders, was speaking at a British motor industry Press reception prior to the Turin International Motor Show which opens to-morrow.

"Already this year, U.K. car production has risen by 7 per cent. against 1970," he said. "Our home market will this year pass the 1.2m. mark for the first time ever, and export production will move from 722,000 last year to near 780,000 in 1971."

Important

Mr. Hunt added: "Undoubtedly the two most important factors during 1971 which will have a beneficial effect on our motor industry are the British Government's Industrial Relations Act which we are sure will go a very long way towards bringing greater industrial stability to our plants, and the decision to enter the European Economic Community."

"We in the motor industry were among the first to recognise the logic of the Community and the long-term necessity for Britain to play its part in this great free market. We know also that we can contribute and gain greatly in the years to come."

"It is disappointing that some segments of our population have even now not grasped the full meaning of market membership."

"As industrialists and leaders of our country's biggest manufacturing industry, however, we are sure that the benefits of our partnership with our nearest neighbours will soon become evident, and that the remaining doubts of this minority."

Golden Egg properties to be hotel

By Arthur Sandles

GOLDEN EGG is converting its recently acquired King's Road, London, properties into a small, de luxe hotel development. Club Dell Aretusa, plus surrounding properties, will become the Aretusa Hotel, a 250,000 project which will retain the club.

The Golden Egg project, Mr. John Bosman, Golden Egg's joint managing director, told me last night, might involve closure of the club for a few weeks. "We will try to keep it as short as possible." The company bought Dell Aretusa from Alvarez Macdoni and Laura Resto in the summer of last year for £205,000 in a mixture of cash and shares.

The hotel will have 40 rooms and thus be added to the 2,000-plus rooms which the company is to open in Central London over the next year or so. Mr. Bosman has made it clear he has no intention of indulging in investments outside the city centre.

Apart from the recent rash of direct hotel investments—including the management contract for the new Selfridges Hotel in London's Oxford Street—Golden Egg bought five Scottish city-centre hotels two weeks ago from Mr. Gordon Currie's Clydesdale and Commonwealth hotel group.



Alfa Romeo's new Alfaisud.

New mass-market Alfa

BY JAMES ENSOR

THE NEW Alfa Romeo Alfaisud, which is unveiled at the Turin motor show to-day, represents a major bid by the Italian company to join the ranks of the European volume car producers. The little 1200 cc model is a direct rival for European mass market cars such as the Fiat 124. Alfa has never produced a car as small and cheap as this before, and the Alfaisud will be the main plank in the company's plan to expand production from 100,000 cars last year to 500,000 by 1975.

The Alfaisud is an attractive and sporty four-door, four-seater, with the increasingly popular fastback styling. It has front-wheel drive and a horizontally-opposed engine, which in the Alfa tradition produces far more power than rival units of similar capacity. It has disc brakes on

all four wheels with dual circuits for safety. The suspension, with MacPherson struts at the front and a rigid rear axle, has been chosen to provide optimum roadholding.

The Alfaisud is a car of higher specification and performance than most of its rivals in the 1200-1300 cc class which in Italy, as in the rest of Europe, has become the most popular single market sector. Alfa hopes it will preserve its exclusive image while expanding the volume of production.

The car will be built at the new Alfaisud plant near Naples, which Alfa—a subsidiary of the State holding company IRI—has established as part of a plan to bring work to Southern Italy. Production will start this year, but a British launch is unlikely before late 1972.

Year-low for brick stocks in September

BY MICHAEL CASSELL

BRICK stocks during September fell to their lowest point of the year while deliveries rose substantially over the previous month.

According to the Department of the Environment, the stock level at brickworks throughout the country continued its downward trend, dropping to 290m, a fall of 48m. on August and no fewer than 331m. down on September, 1970.

At the same time, however, deliveries rose to reach one of the highest points recorded this year, providing some indication of the recent upsurge in construction activity.

During September, deliveries to customers reached a provisional 629m, an increase of 89m. on the previous month and a rise of 34m. on September, 1970.

Actual brick production during the month amounted to 531m, a rise of 70m. on August and 38m. more than a year earlier. Allowing for seasonal and working-day variations, September production was marginally below the average for the third quarter as a whole, but deliveries were slightly above.

Cement output

Other figures from the Department show that weekly average cement production in September was 382,000 metric tons, a rise of 25,000 metric tons on the previous

month and 14,000 higher than in September, 1970.

Cement deliveries rose to 365,000 metric tons from 334,000 metric tons in August and were 14,000 metric tons higher than in the same month last year.

At the end of the month, cement stocks stood at 408,000 metric tons, a fall of 17,000 metric tons from August and 14,000 metric tons below last September.

C.I. OFFICE FOR HUME CORPORATION

Hume Corporation (Guernsey)—a wholly owned subsidiary of Hume Corporation of the U.K. and member of the Hume Group of Companies—opened its first office in the Channel Islands yesterday at St. Peter Port.

The subsidiary's chief executive is Mr. Patrick W. Reynolds, who joined the Hume organisation in the U.K. in June.

The local subsidiary, which has paid-up capital of £500,000, has a Guernsey MP as chairman, Mr. E. C. Henchman. He is president of the island's Board of Administration.

Mr. D. G. Creasey, a St. Peter Port businessman, is also a director, along with Mr. G. A. Todd of the U.K. Alternative Director to Mr. Todd is Mr. W. C. W. Smith, also of the U.K.

Airlines adopt new firearms regulations

AIRLINES in the International Air Transport Association have agreed new regulations for the control of firearms in the passenger cabins of their aircraft, effective from yesterday, subject to approval of interested governments.

This action has been taken in view of the increasing use of firearms in hijacking and other forms of violence.

The new IATA resolution has the following clauses:

1 Members shall not knowingly permit passengers to retain custody of firearms in the passenger cabin;

2 Firearms shall be surrendered at the time of check-in, and the passenger shall be required to declare that they are safe for transportation;

3 Firearms shall, wherever possible, be accepted for carriage as checked baggage, provided they are unloaded and suitably packed;

4 If the firearm is not suitably packed, or the passenger does not wish it to be carried in the aircraft hold, it may be carried in a suitable compartment in the aircraft cabin or flight deck, provided it is not accessible to the passengers;

5 All ammunition shall be carried in the aircraft hold;

6 An authorised person performing a duty on board an aircraft, such as a law enforcement officer or diplomatic courier, may be permitted to retain custody of his firearm and ammunition, if duly identified.

Annual Statements—Continued

SOCIETE INTERNATIONALE PIRELLI S.A.

Basle, Switzerland

The Annual General Meeting of SOCIETE INTERNATIONALE PIRELLI S.A. was held in Basle on 5th October, 1971, and the following is a summary of the Report and Accounts for the financial year ended 30th June 1971.

The financial year 1971 closed with a net profit of Sw.fr.s.28.62m. as compared with Sw.fr.s.24.14m. the previous year.

Activities in the U.K.
On 1st January this year, the Company entered into association with Dunlop Limited. This association has proved most successful and future prospects are entirely satisfactory.

Sales for Pirelli Limited in 1970 rose by 33 per cent. over those of the previous year. The improved results enabled a gross dividend of 6 per cent. to be distributed.

Pirelli General Cable Works Limited was also able to resume the distribution of a dividend, at a gross rate of 18 per cent. Sales increased by 9 per cent. over the previous year.

Other Affiliates
In Spain, the turnover of Productos Pirelli S.A. increased by 5 per cent. in 1970. A gross dividend of 6 per cent. was distributed.

Turnover of the Greek affiliate, Pirelli Hellas S.A., rose by 18 per cent., partly due to an increase in exports. For the first time, a gross dividend of 6 per cent. was distributed.

Due to trade union disturbances, the general sluggishness of the market, the devaluation of Turkish lira and several other factors, the results in Turkey were lower than in the previous year. However, the same dividend as in 1970 was distributed.

Results in Mexico and Peru were reasonably satisfactory and considerable improvement was apparent in Canada, Brazil and the Argentine.

In Italy, Pirelli S.p.A. closed with a small profit. A dividend of Lit.110 per share was distributed. The difficult conditions of last year persist and substantial improvement can therefore not be expected on a short-term basis.

Results
The balance sheet total at 30th June, 1971, amounted to Sw.fr.s.684.15 m. (Sw.fr.s.639.48 m. in 1969/70). The increase was due also to new investments in affiliated companies.

It was proposed to distribute a dividend of Sw.fr.s.12 gross per share, or Sw.fr.s.8.40 after advanced tax deduction, payable from 7th October, 1971, against coupon No. 11.

The Report, the Accounts and the Proposals put forward by the Board were adopted.

STELLA-META TO JOIN PERMUTIT

Stella-Meta Filters will become a division of The Permutit Company on January 1, 1972, as part of the rationalisation of the liquid treatment and engineering activities of the Portals Group.

Higher sales and earnings from NICHOLAS INTERNATIONAL LIMITED

Mr. M. A. Nicholas in his annual review states:

Following the decision of the shareholders at the last Annual General Meeting the name of the Company was changed from Nicholas Australia Limited to Nicholas International Limited.

The 1970/71 financial year has been one of re-organisation and adjustment following the merger of the Company with Aspro-Nicholas Limited.

It has also been marked by intensive development activity in all major markets and a record number of new product introductions took place.

A detailed programme of future products and market development has been drawn up by Management which I am confident will over the space of the next five years be measurable by a steady improvement in results and commensurate gains in the existing rewards to shareholders.

During the period under review we completed arrangements for the purchase of an Italian pharmaceutical company, La-Che-Mi, which produces a range of prescription medicines for use in the ear, nose and throat field. The factory and offices acquired through this merger have been modernised and extended to house all local manufacture and our total Italian marketing operation.

Negotiations for the acquisition of the world rights to the 'AMBIP' products were also completed. The intangible assets so acquired highlight the Group's dependence on this type of property. The development of 'AMBIP' continues to be exciting. Additional profits arising during the current year from this acquisition have been re-invested in the introduction of this product in the U.S.A. and Caribbean.

In addition, effective from 1st April 1971, as a result of the arrangements referred to in last year's Annual Report, branch operations of Nicholas Proprietary Limited in Indonesia were vested in a new company, P. T. Nicholas Parke-Davis, which is owned by Nicholas Proprietary Limited and Parke-Davis of America and has a percentage holding by Indonesian nationals.

On a world basis, sales of prescription medicines showed an increase in the order of 14%, despite enforced price reductions in India, and disturbances in Pakistan, two of our fastest developing markets, for ethicals.

The Annual General Meeting is to be held on 25th November 1971 in Australia.

Results in brief

	1969/70 £A 000's	1970/71 £A 000's
Group Sales	56,418	59,634
Trading Profit	8,950	8,800
Profit before taxation	7,953	8,144
Profit after taxation	3,611	3,920
Earnings attributable to Ordinary Shareholders	3,294	3,630
Issued Capital	40,177	40,177
Dividend	6 3/4%	6 3/4%
Times covered	1.26	1.39
Number of Shareholders	1969/70	1970/71
Melbourne Register	3,951	4,312
London Register	3,360	3,140

Copies of the Annual Report may be obtained from The Secretary, Aspro-Nicholas Ltd., Slough, Bucks.

All these securities having been sold, this announcement appears as a matter of record only.

New Issue

\$50,000,000

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Lehman Brothers

Loeb, Rhoades & Co.

Merrill Lynch, Pierce, Fenner & Smith

Salomon Brothers

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Incorporated

Stone & Webster Securities Corporation

Wertheim & Co.

White, Weld & Co.

Dean Witter & Co.

Equitable Securities, Morton & Co.

Reynolds Securities Inc.

November 2, 1971

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FINANCIAL TIMES

No. 28,675

Tuesday November 3 1981

15p

News Summary

SOCIETE INTERNATIONALE PIRELLI S.A.
Basle, Switzerland
The Annual General Meeting of SOCIETE INTERNATIONALE PIRELLI S.A. was held on 30th October 1981. The following is a summary of the Report and Accounts for the financial year ended 31st December 1980.
The financial year closed with a net profit of 2,542,000,000 Swiss francs, as compared with 2,111,000,000 Swiss francs in 1979.
Activities in the 1980 financial year were characterised by a successful expansion of the company's operations in all the main areas of activity. The company has entered into a new phase of development with the acquisition of the 50% share in the company, which has proved to be a very successful and profitable investment. Sales for the Pirelli Group rose by 31% in 1980 compared with 1979. The results of the previous year were improved, with a dividend of 6 per cent being distributed.
Pirelli General Ltd, Limited was also able to distribute a dividend of 6 per cent, an increase of 15 per cent on the previous year.
Other activities in 1980 were also successful. In Spain, the company has entered into a new phase of development with the acquisition of the 50% share in the company, which has proved to be a very successful and profitable investment. Sales for the Pirelli Group rose by 31% in 1980 compared with 1979. The results of the previous year were improved, with a dividend of 6 per cent being distributed.
Pirelli General Ltd, Limited was also able to distribute a dividend of 6 per cent, an increase of 15 per cent on the previous year.

STELLA-METAL JOIN PERMIT
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Pirelli General Ltd, Limited was also able to distribute a dividend of 6 per cent, an increase of 15 per cent on the previous year.

The decisions you make now might be reflected on this page in 10 years time.

The front page of the Financial Times is like a mirror. It reflects the conditions, the trends, the influences that affect industry, marketing and finance. Look at the front page of the Financial Times in 10 years time and one thing you will see is evidence of the almost explosive growth of chemicals. The growth rate for the last decade has been 6.6% for chemicals and 12.2%

for plastics, as against overall industrial growth of 3.1%. This trend, it is confidently expected, will be accelerated during the next decade. By the mid-eighties, volume production of plastics is likely to exceed that of steel. And the rise and fall of shares—and of the companies themselves—will to an even greater extent reflect the degree of success with which those companies have adapted themselves to the changing situation.

To many, going into chemicals seems a radical step. But with a partner like BASF to supply the right basic materials plus the technical know-how, the way can be made smooth. We've spent the equivalent of £3 million on research during the last decade. And it's been an investment that has re-paid us handsomely. It could re-pay you, too.

BASF United Kingdom Limited
Knightsbridge House
197 Knightsbridge
London SW7 1SA

BASF—your partner for progress.



Good ideas helped us grow into a \$4,300 million company. Even better ideas help keep us growing.

We prefer to innovate rather than emulate. To use imagination rather than precedent. To break new ground instead of treading old trails.

And, as a result, we have grown to over \$4,300 million in assets. And to over \$2,500 million in annual sales. In just 27 short years.

But we've been around enough to know that a good way to keep on growing is to keep on coming up with better ideas. Which is just what we're doing. And in many areas:

Auto Components: Our Walker Manufacturing Company is working with new car manufacturers on exhaust system hardware to minimize auto pollution. With 15 years of research and 32 patents, we have broad experience and capability in the area.

Shipbuilding: Our Newport News Shipbuilding, the world's largest private shipyard, converts ordinary tankers into giants. That's "Jumboizing"—and we coined the word and pioneered the technique. Case in point: SS Baltimore Trader, an 800-foot jumbo tanker created at a saving of time and money by joining a new 625-foot forebody to an existing stern.

Agriculture/Land Development: Our Heggblade-Margules-Tenneco agricultural company has found a way to bring consumers naturally ripened fruits and vegetables. This is made possible through faster processing and shipping (including jet express).

Pipelining: Our Tennessee Gas Transmission system keeps constant check on our 15,290 miles of land and undersea pipeline. On land: by helicopter patrols. Undersea: by special submarines that enable divers to exit, check the line, and return.

Chemicals: Our Tenneco Chemicals group is using a cold-mold process to create furniture out of urethane foam. Frames—even a complete chair—can be molded in one piece. Significance: more economy and greater design flexibility for the home furnishings industry.

Construction/Farm Equipment: Our J. I. Case Company has developed new machines to handle concrete more efficiently. And at lower cost. Case Hydra Placer pumping systems deliver concrete to heights of 20 stories or more.

Packaging: Our Packaging Corporation of America has introduced a unique line of storage units. Although they look like furniture, they're made of corrugated. The idea: to provide attractive functional storage at low cost.

Oil: Our Tenneco Oil Company is injecting super-heated steam to rejuvenate dormant oil wells. Through this thermal recovery process, we have made more than 800 wells productive again. Thereby helping alleviate the energy shortage.

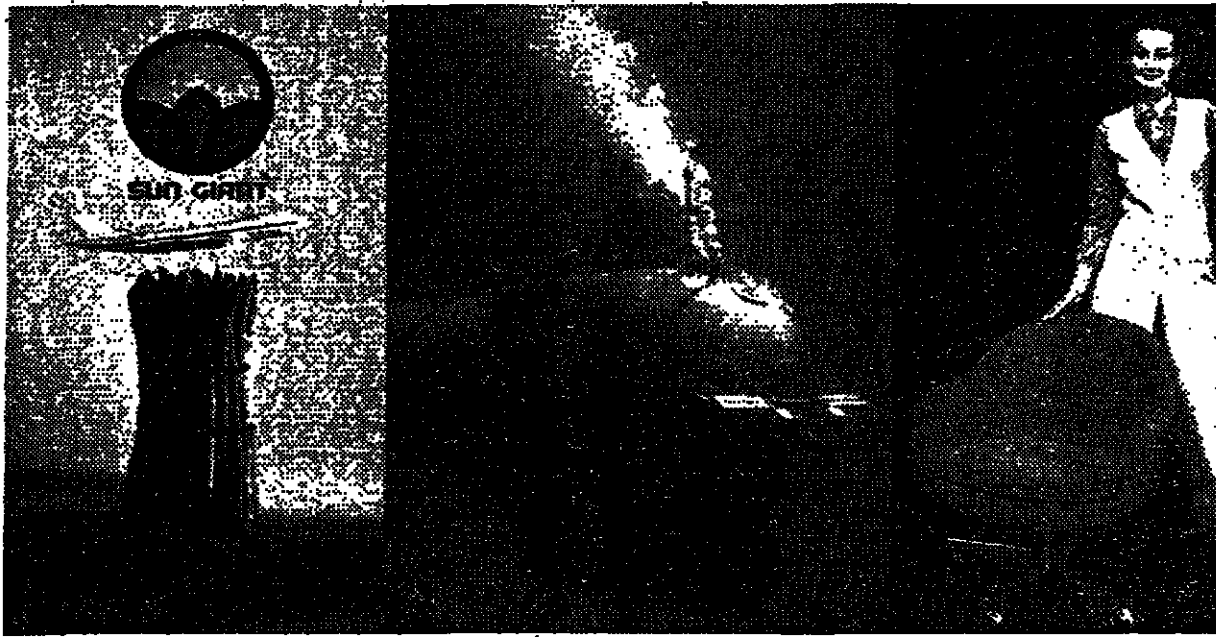
We have found that Tenneco Ideas like these make excellent building material. They're the kind of ideas that have helped us build—and keep on building.

For the latest Tenneco Annual and Interim Reports, write: Section 31, Public Relations Department, Tenneco Inc., P.O. Box 2511, Houston, Texas 77001, U.S.A.



Auto Components: developing anti-smog exhaust systems.

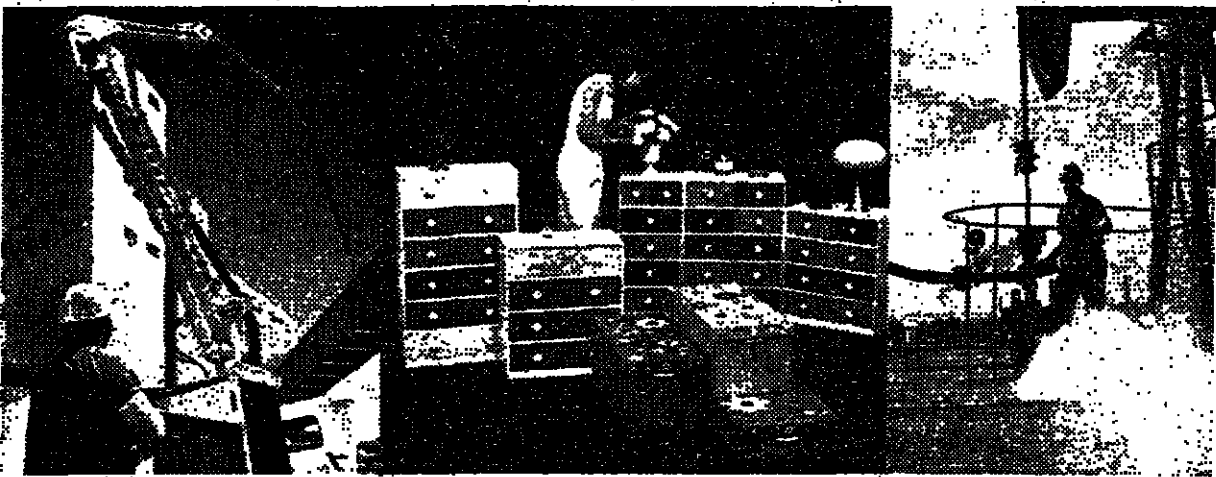
Shipbuilding: jumboizing of tankers.



Agriculture/Land Development: airlifting vegetables and fruits.

Pipelining: patrolling by helicopter and submarine.

Chemicals: forming furniture from foam.



Construction/Farm Equipment: pumping concrete 20 stories.

Packaging: designing storage units for home and office.

Oil: bringing dead wells to life.

BUILDING BUSINESSES IS OUR BUSINESS.

TENNECO

APPOINTMENTS

Mr. Howlett on Norvic Shoe main Board

Mr. Eric W. Howlett, managing director of Norvic Children's Shoes, has been appointed a director of the NORVIC SHOE COMPANY.

Mr. John Kavanagh, who joined Norvic three years ago, has been appointed managing director of NORVIC STORES. He takes over from Mr. Eric J. Cattle, managing director of Norvic Retail, who relinquishes his association with stores, to concentrate full-time on the running of 140 retail shops.

Mr. R. G. Schweitzer has joined the Board of MARTIN THE NEWSAGENT as managing director, succeeding Mr. E. H. S. Martin.

Mr. H. F. Riches has resigned from the Board of Oliver Rix.



Mr. R. G. Schweitzer

HOWARD FARROW CONSTRUCTION announces that on the acquisition by Imperial Chemical Industries of a majority shareholding, Mr. John A. Normann, chief executive of the ICI Building Development Group, who has been a member of the Farrow Board since 1966, has been appointed deputy chairman of the company.

Mr. I. S. Barr, the present financial controller and company secretary of Farrow, has been appointed to the Board along with Mr. L. J. A. Merckx, of Engineering Services, ICI, Millbank, who becomes a non-executive director. Mr. Leslie H. Farrow, who retired as a full-time executive in 1966, retires from the Board after 11 years' service.

Mr. R. G. Epstone, marketing director of the Hepton Group, has been appointed to the Board of GEORGE DOLAND, the parent company of the Hepton Group.

who has retired from that position but continues as full time chairman. Mr. Schweitzer was previously with Urwick Orr and Partners.

Mr. A. P. B. Guinness has resigned from the Board of GUINNESS MAHON AND CO. because of his increasing commitments as an executive director and chairman of the finance and planning committee of Arthur Guinness and Co. He remains on the Board of Guinness Mahon Holdings and Guinness and Mahon Dublin.

Mr. Charles Villiers has been appointed chairman of the Wogau Group of companies, subsidiaries of Guinness Mahon and Co. in Mr. Guinness's place. Mr. J. D. Power has relinquished his managing directorship of the Wogau Group but remains non-executive vice chairman. He has been appointed a director of the Industrial Banking Corporation, another Guinness Mahon subsidiary.

Mr. I. C. Cusins and Mr. S. Steiner have been appointed joint managing directors of the Wogau Group.

Changes in executive responsibilities of members of the parent company Board in relation to U.K. operations have been made by LUNREAD.

Mr. A. H. Lynall, chairman and joint group managing director, chairman of the Aircraft Products Division. Mr. D. G. Lynall, joint group managing director will be chairman of the Commercial Products Division. Mr. G. H. Edwards has been appointed deputy to the group managing director while retaining executive responsibility for finance.

Mr. J. C. Steward becomes managing director of the Commercial Products Division and relinquishes his present overall responsibility for manufacturing in the U.K. group. Mr. J. S. Griffiths is new managing director of the Aircraft Products Division and relinquishes his present overall responsibility for marketing and sales in the U.K. group.

Dr. A. C. Hushisson has been appointed managing director of BDH CHEMICALS, succeeding H. G. Rolfe, who has retired.

Skelmersdale post for Mr. Ian Gray

CARDIFF, Nov. 1. A TOP civil servant in Wales leaving Government service to become general manager of Skelmersdale New Town Development Corporation. He is Mr. Ian Gray, 45, director for Wales of the Department of Trade and Industry.

During the past 4½ years he has played a leading role in the promotion and encouragement of industrial investment and development in the principality. A graduate of Edinburgh University, he joined the Board of Trade in 1948; was private secretary to successive Parliamentary secretaries and in 1952-54 private secretary to the President.

After working in the division concerned with problems of textile, clothing and knitwear industries, he became British trade commissioner in Capetown and later Board of Trade controller for Wales.

In February last he was made director Wales of the Department of Trade and Industry, bringing together the Board of Trade and Ministry of Technology.

HOME CONTRACTS

Southern Counties wins £13m. building work

Southern Counties Construction Company has won a £12.2m. contract from the Eastleigh Borough Council. This is for extensions to the Children's Sewage disposal works. The company has also been awarded a contract worth £200,200 by the Rural District Council of Chichester for work on delivered in 1972-73, and has the sewage scheme and another North Western, South Western, and Eastern Rural District Council for roads Eastern Electricity Boards.

Standard Telephones and Cables is to manufacture and install land telephone cables on 11 routes in various parts of the U.K. The nationwide expansion and renewal programme by the Post Office, is valued at £338,000.

Plessey Avionics and Communications has received a further order worth about £50,000, for weapon control systems to be fitted to a number of RAF versions of the Anglo-Italian.

To-day's events

STATE OPENING OF PARLIAMENT. E.C. 11.30. (Chairman, Mr. D. C. Clark.)
CONFERENCE OF DIRECTORS, annual conference. The meeting is Mr. Lee Kwan Yew, Prime Minister of Singapore; Dr. Billy Graham, the American evangelist; Lord Goodman, chairman of the Arts Council; Mr. Anthony Barber, Chancellor of the Exchequer; Mr. Christopher Soames, British Ambassador in Paris; and Mr. Jim Slater, chairman of Slater Walker. Sir Derek Trickett, president of the Institute, will be in the chair. The conference opens at the Royal Albert Hall at 9 a.m.
COMPANY MEETINGS. BROCKS GROUP, Winchester House, 12.30. (Chairman, Mr. J. C. Williams.)
TELEFUSION, Cornhill Road, 12.30. (Chairman, Mr. J. C. Williams.)

FACTORY EQUIPMENT

The Financial Times will publish a survey of Factory Equipment in its issue of Thursday, November 18. The following indicates the proposed editorial content.

- Introduction.** The size of the market and its growth trend. The companies involved and their European and U.S. rivals. Price trends. The buy-or-lease question. Stock and availability.
- Services to the Factory.** Keeping to-day's complex and costly manufacturing techniques in profitable operation demands equally advanced and foolproof services: power supplies (buying at a cheap rate from the CEBG or generate it yourself?); Water and air equipment, heating, and refrigeration, pumps.
- Storage and Warehousing.** American companies are eyeing the growing British and European market for automated warehousing—a market growing because of rising labour costs. Automated warehousing can be ultra sophisticated... or ultra simple. Storage of small items was, until recently, a neglected area; now larger suppliers have begun to cash in—and savings in costs of up to 30 per cent are claimed for some systems.
- Environmental Control in the Factory.** People do work better in the right atmosphere, which means growing demands to control dust, heat, light, ventilation and noise problems. How it is being achieved? Mostly, the equipment is there—if firms want to spend the money.
- Maintenance in the Factory.** Highly qualified staff now run teams responsible for factory maintenance services ranging from machinery lubrication to cleaning services and disposal of factory waste. A growth area because if expensive machinery and highly-paid men are prevented from working, then at to-day's prices, the cost is enormous.
- Buildings and Components.** No longer is the factory like an unchanging Victorian warehouse building. It has to change as rapidly as the technology inside it. To lease or buy? How to use portable buildings and partitions, and even portable factories to give flexibility. Fitting out a pre-built factory.
- Security, Safety and Welfare.** Security systems now range from new-fashion burglar alarms to guard dogs and anti-bugging devices. With crime rising and industrial espionage increasing, what are the systems, services and equipment available to combat this problem? Then there is the in-factory safety problem—machinery guards, protective clothing etc. and allied to it the welfare needs of workers, ranging from canteen and vending equipment to medical services.
- Handling.** Shifting materials and components about the factory is a vital part of the manufacturing process. Overhead cranes, fork-lift trucks, pallets, hoists, conveyors, filling machinery, should be, but are not always, part of the factory scene. What are the development areas? In more ways than one, this part of factory equipment is on the move. Handling means linked output.
- Packaging in the Factory.** Packaging at the factory is where automation really has made strides. Some manufacturers buy in a packaging service, others buy their own wrapping, packing and boxing or crating equipment. Packaging may be the final process, but it is one no factory can do without.

London Clearing Banks' statements

The following table, compiled from the summary issued by the Committee of London Clearing Bankers, shows the position of each of the clearing banks on October 20, 1971. In the percentage columns are given the ratios of the respective items to gross deposits—

	Barclays	Compt.	Lloyds	Midland	Nat. West.	Williams & Glyn's	Totals	Changes on	Oct. 1970
	£m.	%	£m.	%	£m.	%	£m.	£m.	%
LIABILITIES									
Capital	126.8	1.0	64.9	64.7	152.3	12.5	422.3	—	+ 0.1
Reserve funds	283.7	5.5	211.1	147.5	225.7	32.5	876.0	+ 0.1	+107.7
Provisions	17.9	0.9	16.1	25.6	21.2	3.0	84.8	—	+ 4.2
Gross deposits	3,238.2	35.1	2,175.1	2,572.0	3,404.6	312.8	11,857.8	+497.2	+1,418.8
Total eligible liabilities	3,137.3	70.3	1,812.3	2,317.7	3,248.0	285.6	10,783.1	—	—
ASSETS									
Cash & balances with Bank of E.	271.6	8.1	1.7	2.0	137.5	6.3	171.7	6.7	247.5
Call and short money	463.1	13.9	17.6	20.7	358.1	16.5	270.7	10.5	356.4
Bills discounted	0.4	—	0.3	0.4	49.2	2.2	28.8	1.0	59.4
Treasury	—	—	—	—	—	—	—	—	125.0
Other and re-liable	228.4	6.9	2.0	2.1	236.4	10.9	281.2	11.0	351.4
Liquidity ratio	28.9	—	25.2	—	33.9	—	29.2	—	29.8
Special deposits	—	—	—	—	—	—	—	—	30.7
Cheques for collection, etc.	121.9	—	4.9	—	77.1	—	90.2	—	117.9
Investments	576.4	17.3	21.4	25.1	387.1	16.9	349.0	13.6	632.1
Advances	1,843.6	55.2	42.1	49.5	1,087.1	50.0	1,461.7	56.8	1,320.1
Total reserve assets	556.5	—	10.3	—	254.2	—	410.4	—	511.6
Reserve ratio	17.7	—	14.7	—	14.0	—	18.5	—	15.8
Composition of totals									
Sept. 1971									
Oct. 1970									
Net deposits	11,226.9								
Gross deposits:									
Current accounts	6,303.7								
Deposit accounts	5,185.7								
Other accounts	398.4								
Cash:									
Cash in hand	626.6								
Balances with Bank of England	216.2								
Call and short money:									
Discount market	1,038.4								
Other	493.0								
Other bills and re-liable credits:									
U.K.	590.3								
Other	539.8								
Investments:									
Brit. Govt. & Govt. guarantd.	1,789.8								
Other	201.3								
Advances to customers incl. other accounts:									
Gross	6,430.7								
Items in transit	225.1								
Net	6,205.6								
Nationalised industries	141.3								
Other	6,064.3								

MR. R. BUCHANAN
Mr. R. Buchanan, Labour MP for Glasgow Springburn, voted in favour of British entry to the Common Market in last Thursday's division.

Scottish S.E. turnover down
Turnover in October on the Scottish Stock Exchange fell 11m. on the month to £42.5m. However, £3.1m. lower at £39.4m. Gilt-edged, included in the fixed interest turnover, was £3.6m. Equity business dropped by £2.4m. on the month.

With fewer business days in the month, the number of bar gains was over 1,000 lower at 29,508. Of these, 24,367 were equity deals, which were only marginally down on the month.

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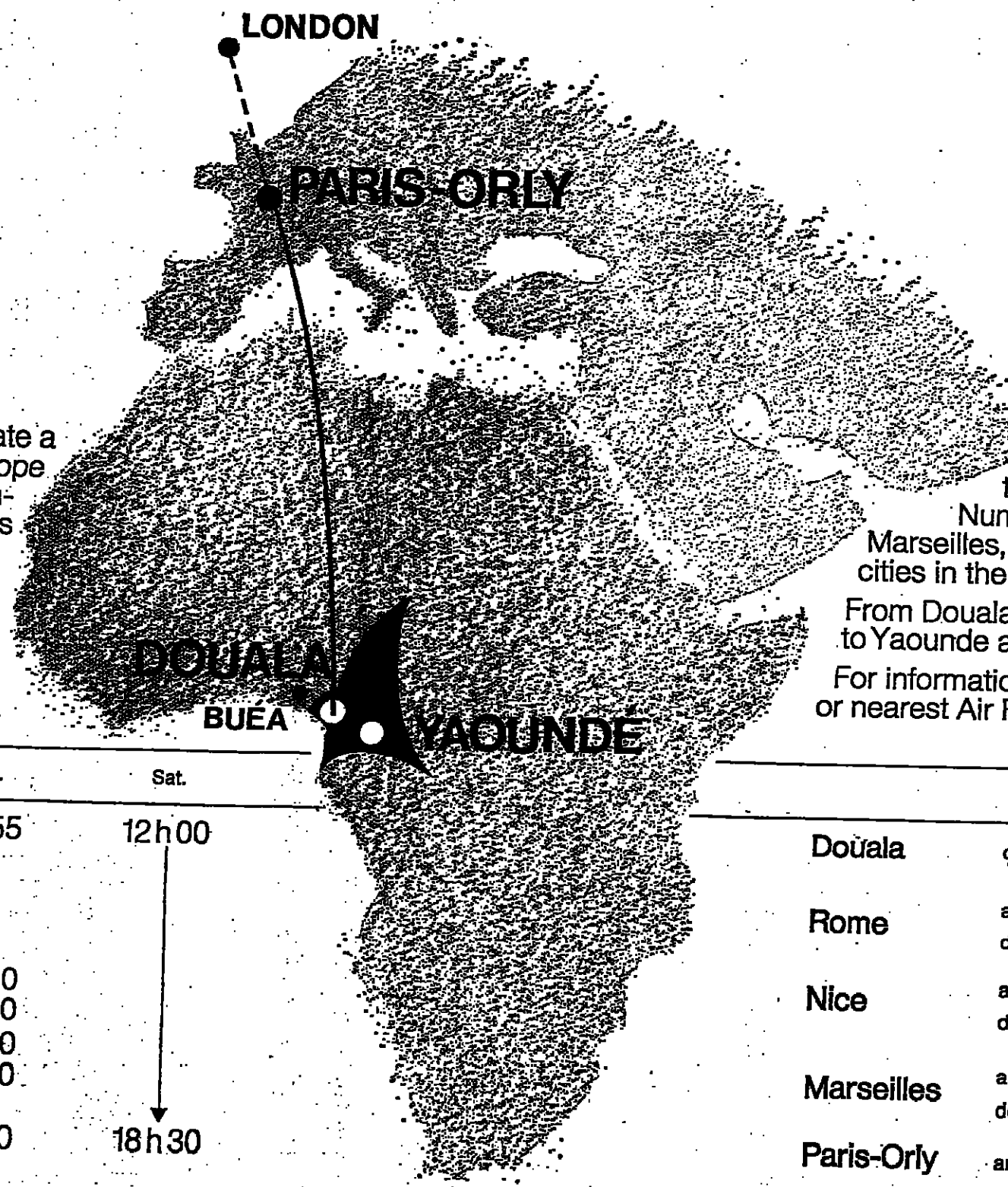
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Cameroon Republic announces Cameroon Airlines



Starting Today

Douala three times a week



Cameroon Airlines, a new airline, will operate a regular long distance service between Europe and the Cameroon by Boeing 707 Intercontinental. It will connect with domestic flights and flights to other African States.

Starting today, Cameroon Airlines will operate a service three times a week from Paris (Orly) to Douala:

one direct flight; one via Marseilles, and the third via Nice or Rome. Numerous connecting flights are available to Orly, Marseilles, Nice and Rome from London and other major cities in the U.K. From Douala there will be immediate onward connections to Yaounde and other provincial towns. For information and reservations contact your Travel Agent or nearest Air France Office.

		Tue.	Wed.	Sat.
Paris-Orly	dep.	22h 15	19h 55	12h 00
Marseilles	arr.	23h 30		
	dep.	00h 20		
Nice	arr.		21h 10	
	dep.		22h 10	
Rome	arr.		23h 10	
	dep.		00h 10	
Douala	arr.	06h 00	05h 40	18h 30

		Wed.	Thur.	Sun.
Douala	dep.	10h 15	10h 15	10h 15
Rome	arr.		15h 45	
	dep.		16h 35	
Nice	arr.		17h 25	
	dep.		18h 10	
Marseilles	arr.			
	dep.			
Paris-Orly	arr.	16h 45	19h 30	16h 45

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The Executive's World

EDITED BY
DAVID PALMER

هنا من الأخبار

PEUGEOT

Middleweight champion of Europe

BY JAMES ENSOR

IT IS a remarkable commentary on the state of the European motor industry, that the most profitable concern is not one of the giants—Volkswagen, Fiat or British Leyland—but Peugeot, the ninth largest by turnover. Peugeot's 1970 sales are expected to be the £1,800m. output of Volkswagen or the £1,400m. of Daimler-Benz. In an industry where scale is often regarded as synonymous with profitability, the medium-sized Peugeot produced a return on capital employed which was unmatched in Europe. Of all the world's 21 vehicle manufacturers, only Toyota bettered Peugeot's net return of 9 per cent. on capital employed. The next best European result was Daimler-Benz's 5.5 per cent. net return on assets.

Peugeot has also established a rapid rate of growth. Sales expanded by 19 per cent. last year, thanks to a 50 per cent. gain in export turnover. Exports have grown by another 20 per cent. this year so that in three years its exports have expanded two and a half times. This is a record exceeded only by the Japanese.

PEUGEOT

	Turnover	Pre-tax profit
£m.	£m.	£m.
1966	221.7	25
1967	242.7	27.4
1968	253	26.7
1969	319.3	39.1
1970	407	40.5

Peugeot is one of the oldest-established motor manufacturers in Europe. Its main plant at Sochaux in South-Eastern France, close to the Swiss border, was established in 1912 and much of the change as though it has been since then. The foreign press shops and assembly lines are crammed into a tight space, much in the manner that they were originally laid out. Yet, despite its congested facilities, Peugeot has a better productivity, measured in the crude terms of sales per employee, than any other French car manufacturer.

The secret of Peugeot's success has been its unwillingness to compromise with its engineering standards. Whilst Ford, Opel and sometimes Renault have concentrated on producing cars that offer the best accommodation and performance for a low price, Peugeot has quite deliberately produced expensive cars which meet exacting standards.

The rear suspension of its all small 204 saloon, for instance,

is four times as expensive to manufacture as that of the Ford Escort, a car of similar size. The 204's front wheel drive and transverse engine layout add to production costs and so does its generous seating and sound insulation. Yet despite its cost, the 204 is the best selling car in France and has provided the basis of Peugeot's remarkable export drive into Germany.

Peugeot's 504 is widely regarded as one of the best two-litre cars on the European market. Its performance, silence and comfort are perhaps only rivalled by the two British two-litre cars from Rover and Triumph and by Alfa Romeo. A rival engineer, whose company had stopped developing cars, now it was made, spoke in awe of the attention which Peugeot had paid to sound deadening: "We kept pulling more and more rubber out of it," he remarked.

The 504 has now ousted the elderly Citroën DS as the most popular executive car on the French market.

Yet for all Peugeot's superlative engineering, the company watches its expenditure with all the care that one would expect from a family-controlled private company. While the 204 was introduced with a new engine, produced on a highly automated assembly line, the more recent 504 makes do with a development of the established 404 engine. Its assembly is still carried out on lines where the workers have to push baskets by hand along overhead conveyors. The contrast between the two production methods, which can be seen side-by-side at Sochaux, could hardly be greater.

The company is developing a magnificent new plant at Mulhouse, some 70 km from Sochaux, which contains an automated forge and much numerically controlled equipment for making gearboxes. Mulhouse will also assemble cars—output of 304s has started—but the company is progressing slowly and cautiously, so as not to outrun its financial resources.

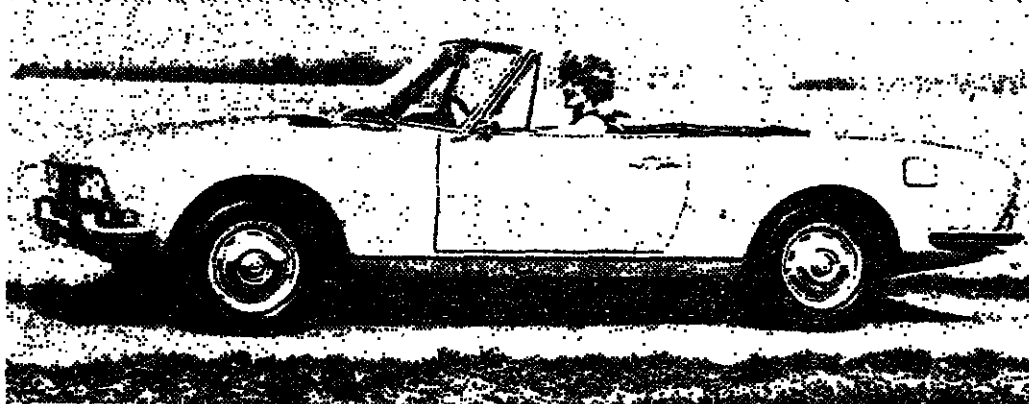
Fears that it may out-run its ability to finance its expansion haunt the Peugeot management. Mulhouse has already cost £70m. and could account for a great deal more by the time it is finished. Characteristically, the company's plant manager refuses to work to a fixed blue-print of expansion, preferring to keep all the options open until the last possible moment. In this

way, Peugeot can minimise the risk of being caught with over-capacity, while still being ready to exploit opportunities. In fact, it has had no short-time working since 1965, a record which few British companies could match.

Peugeot's vulnerability has been much reduced by an agreement concluded with Renault in 1968. The first fruits of this are a new engine plant at Douvrin,

America and Europe. The one of the most extensive in-plant quality control systems, where every car produced is subjected to a couple of hours of testing before being allowed out to dealers.

The British market has been the one that Peugeot has largely ignored. Its dealer network was weak and its British concessionaire did little to promote sales. Now, the company has taken over, and plans to sell 3,500



Peugeot's 504 — "widely regarded as one of the best two-litre cars on the European market."

in Northern France, which will supply Renault, Peugeot and probably Volvo with engines. With an output of 6,000 engines per day, this will be as large as Volkswagen's at Wolfsburg or Ford's at Dagenham, and thus a match for any individual engine plant in Europe.

The two companies have developed a six-cylinder engine together, which will power future large Renaults and Peugeots. Purchasing is conducted jointly to earn economies and Peugeot's new forges already stamp out many parts for Renault. Eventually, most mechanical parts, including engines, gearboxes and suspension units, will be shared, although the companies will continue to design separate ranges and market independently.

Peugeot's conservative approach to investment is matched by a caution in marketing. Like most French car manufacturers, its exports have soared with the help of franc devaluation, while home sales have been held down by the domestic squeeze. Half of output now goes to export markets, but these are spread around between Africa, South

markets, the 204 at Germany, the cars this year. In two years' time, M. Bernard Terquem, the company's 33-year-old managing director, expects to sell 15,000 cars, almost half of them in the two litre class. He concedes that such rapid expansion runs the risk of outgrowing the ability to supply spares and service—but points out that Peugeot has achieved such growth already in Germany.

In the next five years, as the competition becomes fiercer, many motor companies in Europe are going to feel the pressure.

NATIONAL MANAGEMENT GAME

Real money prize for 1972 champions

BY MICHAEL DIXON

THE 1972 national management champions will go home from the final next summer £500 richer. The money is being added to the Financial Times Championship of Bowls as the winners prize for the third United Kingdom National Management Game, the entry lists for which open to-day.

The winning team will declare its "paper" company's final profit at 4.30 p.m. on Saturday, June 24. In the previous six months, however, billions of symbolic pounds will have been made or lost, and—if the entry list for the second NMG is any guide—around 800 other teams will have been driven out of business.

Although the sponsors—the Financial Times, International Computers, and the Institute of Chartered Accountants in England and Wales—have not as yet placed a limit on the number of teams which can enter next year's championship, the entry lists will close on December 4.

The teams which have paid the £25 entry fee will then be divided into playing groups ready for play in the game's first round to start by first in January. The playing groups will consist of either three, four or five teams depending on the size of the total entry. Applications are being looked after by Mr. Ken Williams, the administrator of the NMG. He can be contacted at ICL, Bridge House, South, Putney Bridge, London, S.W.6 (telephone 01-736 0723 or 0727).

Since the first annual National Management Game began in 1970, 1,023 teams including more than 5,000 individual players have taken part in the championships. Veteran players, however, will start with no appreciable

advantage in the third NMG, even though the game's basic plot will be familiar to them.

Each team acts as the Board of directors of a "company" making and marketing a consumer-durable product. The starting position—identical for all companies in the game at the beginning of each round—is presented to the Board in the form of a set of accounts.

Each company then competes with the three, four or five other teams in the same playing group to make the greatest net profit (after tax and interest on loans).

The Board members decide what prices to set for their products in the various markets available. How many markets there are, depends on the number of teams in the playing group. Each of the teams has a "home" market, in which it has an advantage over its competitors, and there is also a free-for-all market in which all teams compete on an equal basis. So in a playing group of three companies, for example, there are four markets available.

Computer correlation

As well as setting prices, the Board members decide how much of their cash resources to allocate to production, marketing, transport, and research and development. If they wish, they may also take up loan finance at interest rates decided by the NMG administrator before each round begins.

Each company then records its decisions on a form, which is sent to ICL. The computer correlates each team's decisions

with those of its competitors in the same playing group and with the model of the "business situation" in the computer programme. It then prints out a profit statement for each company, showing how its fortunes have been affected.

This cycle is called a "play." After a specified number of plays the round ends and the team in each playing group which has accumulated the greatest net profit goes forward to the next round. There will be five of these knock-out rounds in the 1972 championship. The first four will be played by post, and the final will be decided "live" at ICL's headquarters in Putney on June 24.

The game thus calls for the exercise of a range of management skills. These include working out objectives, deciding what information is needed, drawing the information from computer print-outs, making the various decisions in the right order, and adjusting policy in the light of the usually unexpected results of previous decisions. What is more, all this activity has to be carried out under the real pressure of competition and time.

It is this last aspect of the NMG which has received the most praise from the men and women from industry, commerce, public administration, and management schools who have taken part in the previous championships. "We not only got enjoyment and some useful publicity out of it," said a typical senior player in the 1971 final—won by Rolls-Royce (1971). "Just look at my cheque." Started in January as six individuals who knew each other fairly well. Now we're working together like Siamese sextuplets."

EMPLOYEE BENEFITS

What to do about widows

BY DRYDEN GILLING-SMITH

IN A memorandum issued last week the Department of Health and Social Security set out the "provisions for Occasional Schemes of the Proposals to the Government's White Paper. This is the consultative document with "green edges" promised by Sir Keith Joseph some weeks ago.

The White Paper proposals are likely to require substantial improvements in the provision for widows in many company pension schemes. The Government makes the view that widows in general have fared very badly under existing schemes and as a result there are now more widows whose incomes are low enough to qualify for the supplementary benefits than any other single category of recipient.

So far so good—but then come the problems. All the "widows" who are not wives, the employees who marry two or three times without either retiring or divorcing, the pensioners who marry teenagers with an expectation of life stretching a third as much as the past 40 years—these are the stock in and the legal wife suddenly face problems of the company pensions manager.

Many company schemes only provide widows' pensions where the retiring employee agrees to a number of archaic pension schemes. What about the elderly widow who marries an elderly widower for companionship and to cut their joint living costs? Why should this joint income be chopped? Worse still if the new marriage partner dies first and the twice-widowed widow has no pension at all because her first husband's pension has been stopped and her second husband's scheme does not recognise post-retirement marriages?

Suggestions

The Consultative Document puts forward suggestions on both (1) and (2). For employers who cannot be persuaded to abandon the remarriage condition the next best thing would be a rule to reinstate the widow's pension if the next husband dies first. As regards post-retirement marriages the weight of the Government's arguments seem to lie in favour of providing full widows' pensions.

While it is probable that employers could adopt a costing system that would allow for post-retirement marriages, so long as they had the right to scale down pensions for widows more than 10 years' younger than their husbands, they are likely to take the view that this is a low priority item of expenditure and should not be made compulsory. Post-retirement marriages will usually be to wives who already have widows' pensions or to single women who will have qualified for occupational pensions in their own rights. All that is needed is the removal of the remarriage restriction in schemes where it still survives.

As regards problem (3)—the multi-time employee—the Consultative Document leans towards the continued use of the discretionary powers that many schemes already possess to decide on an ad hoc basis who shall get the pension or lump sum death benefit. It envisages some overriding control by the Occupational Pensions Board who might be landed with the unenviable task of acting as an appeals body in awkward cases. It does however accept the fact that this discretion could result in totally inadequate pension provision for abandoned wives.

I have so far been concerned with the widow's pensions paid when an employee dies after retirement. The Consultative Document also goes into considerable detail on the question of death in service benefits. Lump sums are likely to be allowed as an alternative to widows' pension probably on the basis of £15 lump sum being regarded as the equivalent of £1 per annum widows' pension. Generally speaking, the minimum death in service benefits needed for "recognition" are likely to be well below what is normally provided, certainly in insured schemes.

Do you really want to cut office costs?

- Tick the boxes where your answer is "no"
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TUESDAY NOVEMBER 2 1971

India and Pakistan—edging closer to the brink of war

BY J. D. F. JONES, Foreign Editor, and KEVIN RAFFERTY

Setback for U.S. aid

THE INTERESTS of the developing countries have received little consideration in the manoeuvring of the rich countries over the international monetary crisis. Though the American Administration has now excluded textiles from the 10 per cent import surcharge, as a result of the voluntary restraints on non-cotton textiles by Japan, Hong Kong, Taiwan and South Korea, a number of developing countries will find their exports to the U.S. seriously affected by the surcharge on other goods: Mexico, Hong Kong, Taiwan and South Korea together account for 70 per cent of total exports from the less developed countries which will be subject to the new tax.

Real dilemma

The suspension of dollar convertibility, and the consequent flotation of most major currencies, has placed the developing countries in a real dilemma, and those which have decided to float their currencies with the pound (they include 22 members of the overseas sterling area) are bound to find themselves at a competitive disadvantage in the U.S. market. To make matters worse, the foreign aid programme, which was due to be cut by 10 per cent anyway as part of the August 15 package, has now been rejected in toto by the Senate. The story is not over; new efforts will doubtless be made by the Administration to restore the aid programme. But the Senate vote is not one of which Washington can be proud.

Even before last week's debacle, the U.S. was providing less in official development assistance than it ought, in terms of the size of its economy. Last year's figure of \$3,050m. was the lowest in absolute terms since 1961, and even though private flows from the U.S. to the developing countries reached a new record of \$2,753m., the total provision of official aid only represented 0.61 per cent of America's gross national product, which was lower than any other leading donor country apart from Norway.

It is evident that the Nixon Administration feels that the U.S. can no longer afford to provide aid even at the previous level. Yet the fact remains that,

WE ARE living through an autumn of conspiracy towards war in the Indian sub-continent. It is partly a conspiracy of men—for there are soldiers both in India and (to a lesser extent) in Pakistan who for months past have been deliberately planning their campaign. But above all, it is a conspiracy of events, and their full force—the essential background to Mrs. Indira Gandhi's present visit to London and other Western capitals—can be summarised, crudely, in this way.

The monsoon waters are at last subsiding in Bengal so that the heavy artillery which has been moved to the frontier by both sides, as well as the armoured infantry, can move again. The snows will be rising in the Himalayan passes as the month progresses, thus relieving the Indian Army's fears of a Chinese intervention in the north. The secret military trial of the East Pakistan political leader Sheikh Mujibur Rahman is now approaching its climax and the Army leaders will have to decide what to do with the man whose Awami League won 98 per cent of the East Pakistan seats in the elections last December for the National Assembly.

Reassurance unlikely

The condition of the 9m. refugees who have fled across the borders into India is giving rise to growing and acute concern and is likely to intrude once again on the attention of world opinion as well as the Indian Treasury. The international "image" of the military Pakistani Government of President Yahya Khan, thoroughly and rightly besmirched by the events of last March, shows no sign of recovering and the Pakistan allegations against India—even where justified—will continue to go unheeded up to the very point of a full-scale Indian invasion of Pakistan. The by-elections which Yahya Khan promised in order to fill all of the East Pakistan parliamentary seats which went to the (now banned) Awami League by huge majorities last December will soon be held, but are unlikely to be any reassurance to an East Bengal population which continues to flee the country at a rate the Indians claim to be 30,000 a day. Meanwhile, the "Mukhti Bahini" guerrilla and sabotage operations continue, even in Dacca itself, on a scale which makes it impossible for the Pakistani Army to pretend that it has fully re-established "control" in the province.

This month of November sees all these factors conspiring to intensify the momentum towards war. And as Mrs. Gandhi, the Indian Prime Minister, continues her diplomatic progress with statements of "studied vagueness and skillful imprecision", it is at least possible to wonder whether the Indian Government might already have taken the decision to go to war.

After all, a war at once before the New Year—would make good sense from the Indian point of view. In one quick campaign, many Indians now argue, the Pakistani armed forces could be smashed and the emergence of some sort of independent client-State of Bangla Desh would leave Pakistan limping so badly, not just from losing a wing but also from the blow to the fundamental concept of the Muslim State in South Asia, that it would cause no future trouble to India, in Kashmir, Shatt-al-Arab, or anywhere else, so that the Indian defence budget could be slashed and Delhi could concentrate on the priority of economic development. At the same time, East Pakistan would be "liberated" for the people of Bangla Desh, the refugees could all return safely, and the cost would be less than caring for the refugees into the years ahead. As for the cost in human life—the argument sometimes adds—half a million people have probably already lost their lives in Bengal this year and the misery entailed by even a brief war would perhaps be the lesser in the long term.

Moreover, the argument is very strong in military terms, as it presently appears inside India. The morale of the Indian Army is particularly high and there is no doubting the war fever of much of the population, at least in the northern half of the country. The fear of the Chinese has slowly receded as the Indian Army has built up its positions in the Himalayas and as the shaming memories of 1962 have faded. The recent Treaty with the Soviet Union has encouraged the Indians to believe that Moscow would take care of the Chinese if any diversion were needed, and the visits of the Soviet Deputy Foreign Minister and this week, the head of the Soviet Air Force, have also encouraged confidence in Russian motives.

On paper, the Indian confidence is justified. It has two and a half times as many men as Pakistan in its armed forces (980,000 against 392,000). It manufactures its own tanks, for example, the Vijayanta, and its own Mig 21. Its army has 200 Centurions, plus older Sher-mans and 450 Russian T54 and T55 tanks.

The Pakistan Army by comparison is equipped with fewer and older arms bought from outside. Even after recent energetic efforts to buy new arms it is no match for India. The armour is made up of old Sherman and Patton, some T54s and T55s, and 225 Chinese T59s which, though modern, are not well regarded by most military experts. In the air, India is superior. It has north of the province as well as

hood of war in a sense to miss the point because in simple fact there is already a war going on in Bengal. The monsoon has obstructed the reporting of a true situation in East Pakistan, but it may be reliably assumed, first, that the Pakistani authorities are not in control of substantial areas of their territory; secondly, that these areas are not well regarded by most military experts. In the air, India is superior. It has north of the province as well as

prepare the world for the spectacle of Indian troops marching into battle.) On the (perhaps bold) assumption that the Indian Cabinet has not yet made the final decision but has merely permitted its Army to prepare for the worst contingency, the debate in Delhi between hawks and doves can be seen to be approaching its climax ready for Mrs. Gandhi's return. The

own position is one of mystery and conflicting interpretation, has been employing on her tour with great force.

But she cannot be unaware that only after the war would the real problems begin. If India lost (the doves are arguing), then Pakistani reprisals in Bengal would continue with no one to stop them; the 9m. refugees would never return; and India's economic burden would be a crippling certainty. If India won, though what on earth would it do with—or expect of—Bangla Desh? This sort of scenario may be speculation but it is the sort of speculation which is not being adequately considered in the fevered India to-day. A victorious India would have two alternatives: to leave Bangla Desh to its own devices, or to accept responsibility. For example, India could hardly shunt the refugees over the frontier and leave it at that: there would be chaos, especially since in the presumed absence of Sheikh Mujib there would be no strong leader around whom the new state could rally.



Yahya Khan



Indira Gandhi

"I have no reason to tell you war is not imminent because it is. The Indians are already at war with us, and the only reason there is no general confrontation is that we are not hitting back."

"I am sitting on the top of a volcano, and I honestly don't know when it is going to erupt. I honestly cannot prophesy what will happen or how we are going to deal with it."

A constant danger

Yet, while it might be disastrous for India to deny responsibility and leave Bangla Desh unaided, hungry or warring Bengalis looking for someone to blame for their plight might for long see the Indians as the deliverers. The Indian Army could even inherit the West Pakistani stigma of an army occupation, and there would be the constant danger of an avenging Bengali nationalism which could have wider repercussions to shake all India. The prospects of peace war must depend in the coming weeks on five factors. What the true strength of the hawk in Delhi? What will Mrs. Gandhi's position be, as a result of her tour (is she a dove, or gambler, or even out of control)? What are Soviet intentions in the region? How will China, preoccupied with domestic troubles, react to a war? Finally, what are the chances persuading Yahya Khan to release the Sheikh and implement the democratic rule himself proposed?

The last point is the most important because Yahya's obduracy is the base from which all else will proceed. If the President refuses to concede then India is probably going to accept this as the best opportunity since 1947 to destroy a very concept of Pakistan. Mrs. Gandhi resist such a temptation? Or indeed, ought she resist?

Cut off from the West

The Indians also would have one great advantage in knowing that the Pakistani forces in East Bengal, said to be over 70,000, would be operating in the midst of a hostile population and would presumably be cut off from the West since both sea and air communication would be easily broken. The obvious Pakistani counter-move would be to open up the Western front and so revive the campaigns of 1965.

All of this explains why many Indians would positively welcome the outbreak of war and why they reckon the sooner it comes the better. Yet to calculate the likelihood

of war is in a sense to miss the point because in simple fact there is already a war going on in Bengal. The monsoon has obstructed the reporting of a true situation in East Pakistan, but it may be reliably assumed, first, that the Pakistani authorities are not in control of substantial areas of their territory; secondly, that these areas are not well regarded by most military experts. In the air, India is superior. It has north of the province as well as

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A statistical muddle

THE STATEMENT of the London clearing banks for the month to mid-October shows the same tendencies as before, but in greatly magnified form. Gross deposits, which rose by £121m. in the previous month, have now risen by a further £497m. Advances, which rose by £40m. before, have now risen by £358m. And the reserve ratio—the ratio of eligible reserve assets to eligible liabilities, which must not fall below 12½ per cent—has moved up further to 16.5 per cent. It would appear that the banks are not only lending on a very large scale but are acquiring the funds which will enable them to continue doing so.

Distorted

But the figures, which are the first to be published for a full month of the new system of credit control, have been distorted by the transition. There is only a distant relationship, for example, between the old liquidity ratio—which the banks continue to publish because they consider it of commercial importance—and the new reserve ratio. Lloyds in mid-October had a very high liquidity ratio and a relatively low reserve ratio while the precise opposite was the case with the Midland. But there is not yet the experience to show how the reserve ratio will move from one time of year to another and whether the current figure of 16.5 per cent is as comfortably above the minimum as it seems. The current "greater standardisation and uniformity" in the returns made by different forms of banks. The first set of figures to be issued after that paper shows such a decline in standardisation and uniformity—partly caused, no doubt, by the policies about the inclusion in their monthly statements of their wholesale operations—taking large deposits to be lent on, often for fixed periods—which step in.

Uniformity

It seems to be agreed that the underlying trend of ordinary advances is continuing to rise, by perhaps something between £50m. and £100m. a month, and that the bulk of the new credit is continuing to go to personal borrowers and other purposes connected with consumer expenditure. This, however, is not good enough from the point of view either of the monetary authorities or of the general public. The Bank of England's paper on the new system of credit control envisaged that there would in future be "greater standardisation and uniformity" in the returns made by different forms of banks. The first set of figures to be issued after that paper shows such a decline in standardisation and uniformity—partly caused, no doubt, by the policies about the inclusion in their monthly statements of their wholesale operations—taking large deposits to be lent on, often for fixed periods—which step in.

MEN AND MATTERS

Counting on a businessman's businessman

The appointment of Lord Thorneycroft as the first chairman of the British Export Board brings back into public life a man who, since he signalled the end of his hopes of returning to the Commons and active politics by accepting a peerage in 1967, looked as if he had settled for the anonymity of the boardroom. He has made the odd, fairly trenchant speech in the Lords ("Mr. Macmillan found it exciting to live on the edge of bankruptcy," he once told them), but Thorneycroft says firmly he is no longer any sort of politician. The speeches arise because "after a lifetime of speech-making, it becomes a bit compulsive." He is now—and he comes from a long line of Midlands ironmasters—quite definitely a businessman, chairman of the British ends of two European companies, Pirelli and Pye of Cambridge (the Philips subsidiary) and on the boards of Securicor and Trust Houses Forte.

The change in his life, after being an MP from 1938 to 1966, President of the Board of Trade, Chancellor of the Exchequer, Minister of Aviation and of Defence, fits him well for the Export Board job. One thing the chambers of commerce and export trade associations could not have stood was a politician. After a six month hiatus when no-one knew how our export promotional activities were to be co-ordinated under one roof, the chambers of commerce, which were not broken hearted by the death penalty served on

the British National Export Council, will settle for Thorneycroft as a "businessman's businessman." They already know and like him from his work on SITPRO, a committee to simplify export procedures and documentation. Thorneycroft counters by saying the Board must try to be an "organisations' organisation. It is an instrument for their use, and rather a good instrument, I think. It is the first time exporters have got their hands on a bit of Whitehall"—the 1,300 civil servants which will be provided for the Board. Among all this businesslike talk, one unbusinesslike and rather heartening fact stands out: neither Thorneycroft nor his Board will be paid for their efforts.

Zaire's trouble

A terminological problem has the British and American ambassadors in Kinshasa rattled. They cannot find a convenient English term for the country's people. Congolese used to be Congolese. They were citizens of the Democratic Republic of the Congo. They are now, since a sudden decree from President Mobutu last week, citizens of The Zaire Republic. For francophone nations Mobutu went out of his way to solve the dilemma. He decreed that the man in the street was a Zairois and his wife a Zairoise. Mr. Mark Allen, our man in Kinshasa, suggests they should be called Zairians in English but some name must soon be found to differentiate them from their now that the Slater Walker

unit of currency, the zaire. The Congo River has also been renamed Zaire, a title it once had in pre-colonial days.

But across its 3-kilometre breadth from Kinshasa is Congo (Brazzaville), or, to use the official title, The People's Republic of the Congo, intact with Maoist sympathies and no name change. It still calls its half of the river The Congo. Back in London the Foreign Office is not going to be caught out by any precipitate action on the changed name—"You see, we have not exactly been officially told about it yet."

Two happy endings?

The trouble with the company doctor role is that just after you have done the hard work of turning a company round and are about to enjoy the benefits, up comes some bigger company which has spotted what is happening and buys you out. At that point, as often as not, the doctor is out as well. But the drink business, within the last week, has thrown up two cases with a twist at the end of the story.

Trumans and Tizer are at opposite ends of the market, but with many similarities. Both, under new managing directors, were making drastic changes in their marketing image and confidently forecasting recovery. Then came the battle for Trumans and managing director Mr. George Duncan, having backed the wrong horse (Watney) duly left after Grand Metropolitan's week when Duncan got the top EEC.

satellite, Armour Trust has made an agreed bid for Tizer, Mr. Peter Quinn is confident he will not prove one of the company doctors who goes out with the bid. He stays as chairman and managing director, with the same team he has built up since he became m.d. just under two years ago, and "Since we're really only half way through the recovery programme, it would be silly to leave now."

Quinn, an accountant by training, came to Tizer when the institutional shareholders, having watched the company's profits fall steadily from a 1961 peak, insisted on a new boss being appointed from outside. A year later, Slater Walker bought a quarter of the equity from the founder of the firm's trustees. "But they kept their distance," says Quinn. SW did not, for instance, ask for a place on Tizer's Board, a sure indication it was contemplating a full bid. When talks finally started, the terms were agreed quickly, including the stipulation that Quinn would be left in charge to get on with the job of reviving Tizer's fortunes. He anticipates staying at least two years, when profits should be back to "normal."

It's sinking in

Overheard yesterday in the French Commercial Attaché's office in London, an official was answering a phone with growing ill humour. "No sir," came his first answer, "France is not in the Commonwealth." "And no sir," came the second, "you have not just joined the Commonwealth, you have joined the EEC."

Observer

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FINANCIAL TIMES SURVEY

A return to tranquillity

by LORELIES OLSLAGER

The Netherlands to-day, there is no doubt about it, are in a state of economic doldrums. If the Dutch prefer to call it "the Dutch preference for tranquillity", it certainly seems unlikely that it will do so for long. The Dutch economy has been in a state of stagnation for some time, and the government is facing a difficult task in trying to revive it. The Dutch government has been in a state of economic doldrums for some time, and the government is facing a difficult task in trying to revive it. The Dutch government has been in a state of economic doldrums for some time, and the government is facing a difficult task in trying to revive it.

that spends nearly 50 per cent. of its national income in taxes and social security contributions, one of the biggest successes at the polls was achieved by a party that promised to clip the wings of the public sector.

Nevertheless, DS '70 remains an enigma in Dutch politics. Many of its votes came from the right, yet its best-known members had their roots in the Dutch Labour Party, albeit on its right wing, and nobody knows for sure which way the

party will eventually go or whether in fact it will become a permanent feature on the political scene.

On the other hand, the Labour Party—not long ago in a bad decline—also managed to increase its vote considerably on a programme of increased taxation and public spending. It attributes its success less to this issue than to its attempt, for the first time in Dutch history, to present itself throughout as an alternative government, complete with shadow cabinet, alternative budget and a pledge that it not foreclose a left-centre co-

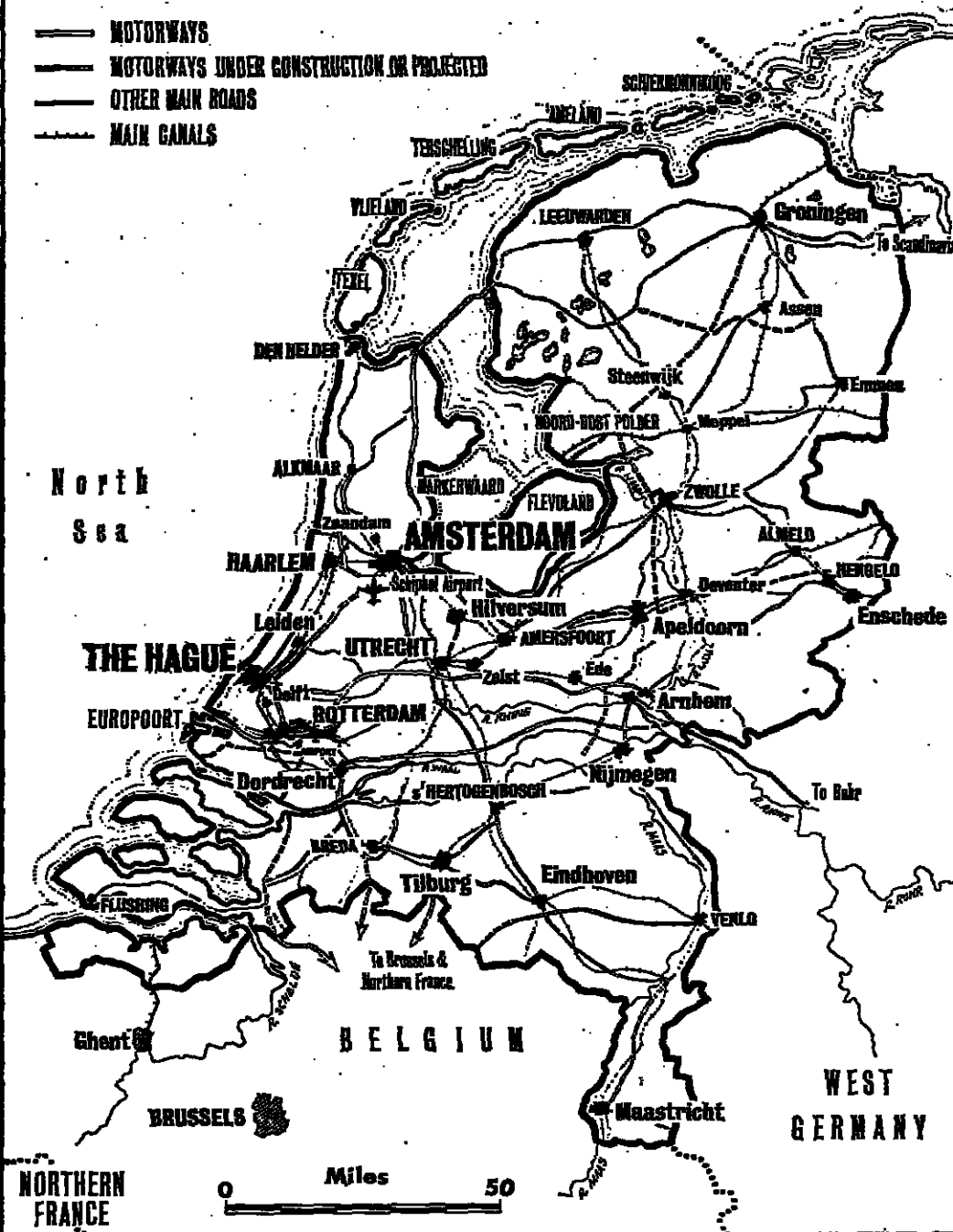
alition, their position would still be an unhappy one. Once the strongest pillars of Dutch society, they have not yet found their role in the new secular world. Their attempt so far to merge into one non-denominational party of the centre have failed, and they are badly split by left-right divisions among themselves.

This inevitably makes the Christians the weak element in the present coalition, which besides DS '70 also includes the Liberal Party—in full the People's Party for Freedom and Democracy (the Dutch equivalent to the Conservatives if one is to be found at all). It is perhaps an indication of how much Dutch politics are still orientated towards the centre that nothing scares the Liberals more than to have the conservative label officially attached to them.

Weak element

Formation of the new Government was as usual slow and painful, and had the economic situation not been so bad it might never have come about. As it is, the circumstances dictated the strategy. DS '70 accepted that it was impossible to cut Government expenditure in a situation where rising wages and prices were forcing it up automatically and that taxes would have to go up next year, and the denominational parties agreed to cuts in expenditure to avoid too inflationary a budget.

One sector that survived comparatively unscathed is the housing programme, the public issue number one at present, where serious trimming would have been suicidal for the Government. It is an odd flaw in the picture of a country



BASIC STATISTICS

Area	13,500 sq. miles
Population	13m.
GNP	£12,260m.
Per capita	£940
Trade (1970)	
Imports	£5,806m.
Exports	£5,101m.
Imports from U.K.	£377.8m.
Exports to U.K.	£459.1m.

Currency
£1 = 3.35 Guilders
1 Guilder = 12p.

On the political front, a similar "polarisation"—currently a favourite word in the Netherlands—is apparent. Last April's general election saw a further erosion of the position of the denominational parties of the centre, and increase in the votes for both moderate right and left. (Under the Dutch system of pure proportional representation, a plethora of small extremist or interest groups is always represented in Parliament, but their influence is slight. In the present house, 14 of the 150 members are represented, of which only seven or eight count.)

The election campaign had been fought almost exclusively on the issue of public spending, welfare and taxation. Perhaps not surprisingly in a country

where the legal minimum wage for male workers is nearly £11.00 a year, and where the national pension for a married couple is £14 a week, that there should be a serious housing shortage. Yet it is reckoned that there are some 60,000 homeless families and 500,000 to 600,000 sub-standard dwellings. The Government has promised 130,000 housing starts next year, to be stepped up by 1,500 a year until 1975. The opposition wants 200,000 starts a year for the next three years.

Some Liberal supporters argue that building and rent control they could not breathe any more. Far from being a fashionable middle-class concern, protection of the environment has suddenly become a major popular issue. The pollution argument has

also lent new urgency to Dutch efforts to help the underdeveloped regions in the north and the extreme south of the country. Some help has always been given to the north, but a new drive is underway to actively discourage further investments in the west, in the area around Amsterdam, Rotterdam and The Hague where major industry is clustered and where nearly 50 per cent. of the Dutch population live on about 20 per cent. of the country's territory.

None of these three domestic priorities, nor the more flexible foreign policy that is expected from the new Foreign Minister, Norbert Schmelzer (as demonstrated by the Dutch decision to vote for the exclusion of Taiwan

Continued on next page

A constant danger

Yet, while it might be a constant danger to the Netherlands, it is not a constant danger to the world.

Slow change

What is happening in the Netherlands is a slow, painful change in the political and social climate, which is still based on consensus and compromise rather than on a conflict model of society. On the other hand, consensus has undoubtedly been more difficult to achieve as the Dutch slowly abandon their habit of thinking in terms of religious denominations and adopt a more secular view of society and its conflicting interests.

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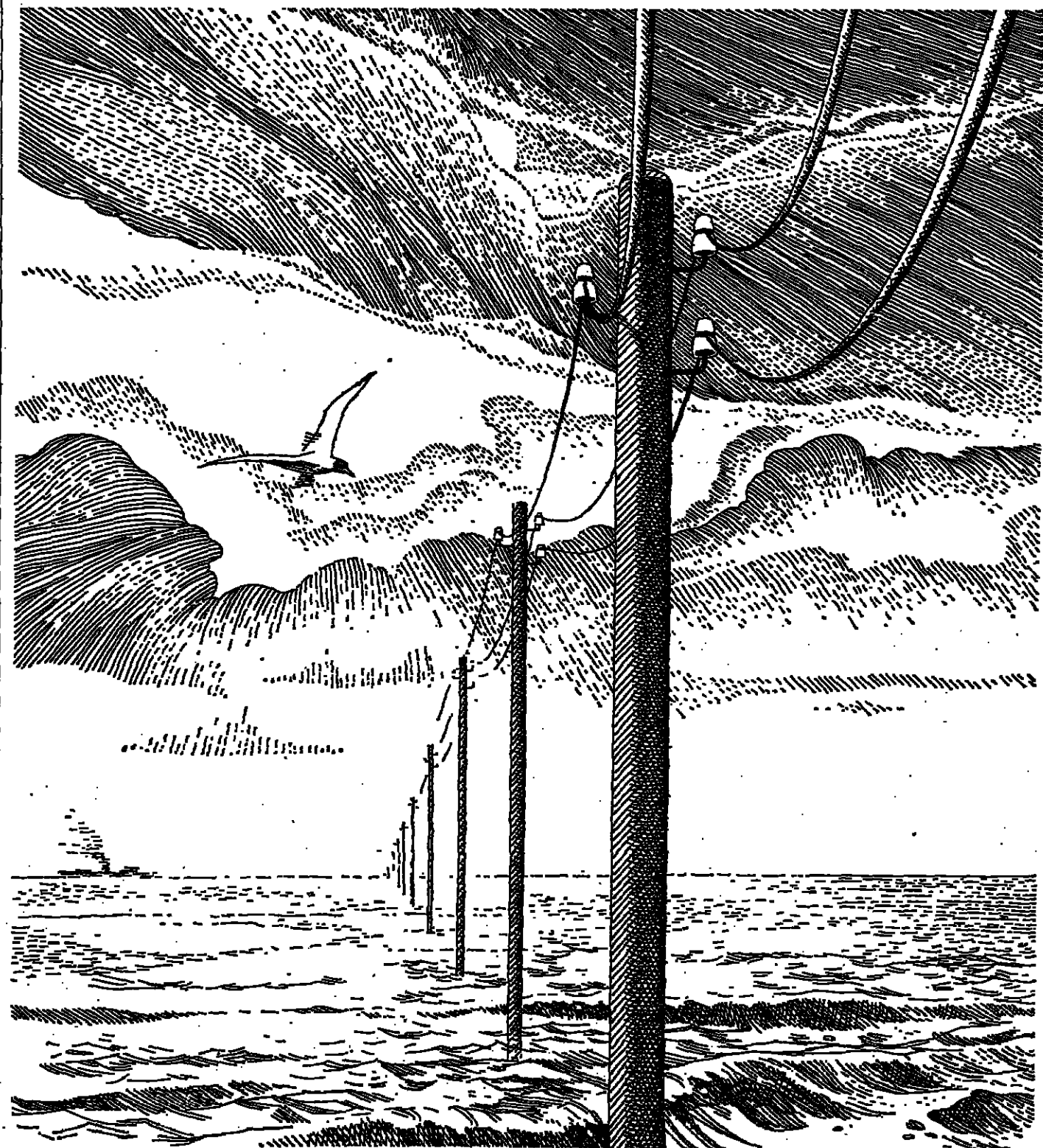


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NETHERLANDS II

Economy hit by inflation

By LORELIES OLSLAGER

A favourite joke among Dutch economists and businessmen these days runs as follows: A young man, having just bought his first colour television set, is so delighted with it that he goes up to Mr. Philips (of that well-known concern) and thanks him profusely for having brought out such a marvellous product. "Oh," says Mr. Philips, "so it was you who bought that set, we had been wondering..."

In the present state of the Dutch economy, it is not only an "in" but a sick joke as well, although Philips' troubles, which brought share prices down from Fls.67 (£8.50) in the summer of 1970 to about Fls.35 last month, were caused by world-wide rather than just domestic factors and although insiders suggest that the worst may be over.

But Philips' recovery will to some extent depend on what is going to happen in the Netherlands, and there the prospects look grim. This year was bad enough, with wages rising by 14 per cent, consumer prices by 6.5 per cent, GNP beginning to grow more slowly, although

still at 5 per cent, and growth in industrial investment dropping from 11.5 per cent in 1970 to 7 per cent. Numerous smaller companies, particularly in the underdeveloped north, have gone bankrupt and profits in relation to capital invested are said to have dropped from 6 per cent after tax to 3 per cent.

Shrinking profits

The rise in costs and shrinking of profit margins have already pushed unemployment up slightly to 1.5 per cent. The balance of payments deficit on current account is threatening to reach a record Fls.2,000m. (£240m.), largely because of worsening terms of trade, compared to Fls.1,600m. (£194m.) in 1970 and only Fls.20m. (£2½m.) in 1969.

For next year, the Central Planning Office, assuming a slowdown in the growth of world trade, has forecast worse to come. While wage and price rises are to be about the same (13.5 per cent and 7 per cent respectively), gross industrial investment is expected actually to drop by 5 per cent, and

growth in GNP and productivity to slow down to 3 per cent.

Wage costs per unit in Dutch manufacturing are expected to rise by 8 per cent compared with an expected average increase of 4.5 per cent abroad.

The only glimmer of light seems to be in the balance of payments, where the deficit on current account is expected to drop to between Fls.1,000m. (£120m.) and Fls.1,250m. (£150m.). But for a healthy equilibrium, it is reckoned, the Netherlands would need a surplus of about Fls.1,000m.

Real disposable income is expected to rise by 4 per cent. This is possible because since 1969 collective labour agreements all contain an "indexation" clause, automatically adjusting wages to rises in the cost-of-living index, including indirect taxation and social security charges.

Although some people argue that the planning Office's forecast has to be taken with a pinch of salt, as it has been known to underestimate Dutch growth before, there is general agreement that moderation on

the wages and prices front is called for. Yet how this should be achieved remains a matter of so much controversy that possibly nothing will be done.

The Government, exasperated with attempts to curb inflation by decree—the wage and price freeze imposed for the first six months of the year had virtually no effect at all—has put the ball firmly in the unions' and employers' court and has said that it will not interfere in wages and prices again.

The bargaining positions of the two sides of industry remain wide apart. The quarrel is over what real wage rise there should be, as both the Government and employers accept that indexation has come to stay.

Welfare spending

In addition, the unions have complicated the situation by insisting that any new wage pact must not only involve some change in Government policy on welfare spending, but also curbs on industrial investment, which they blame for the overheating of the economy. The

employers admit that a boom in investments in recent years has taken place, but say that in the present situation any curb on investments would be counter-productive.

There is also some doubt whether any central wage measure it is remains to be seen. One school of thought claims that foreign money, still enter via Belgium, through outright freezes, cajoling or persuasion, individual Dutch employers and unions may resist any attempt to impose conditions on their bargaining, even if it comes from their own headquarters. Like everywhere else, shop-floor bargaining is growing. The unions' proposal that wage rises should not be on a percentage basis but that everybody should be given a flat rise of Fls.450. (£54) next year may get them into trouble with their better paid members.

With wage and price controls ruled out, the only weapons left to the Government are budgetary and monetary policy. Yet here too, with strong political pressures for more spending on welfare and inflation imposing its own conditions, the room for manoeuvre is limited.

The new Government inherited a budget deficit of Fls.3,900m. (£400m.) of Fls.1,300m. more than forecast for the current year, of which Fls.500m. (£60m.) can only be found through recourse to inflationary financing. For 1972, the Government has submitted a fairly neutral budget, which will reduce inflationary financing to nothing by a combination of spending cuts, extension of the fiscal regulator that was imposed on income-tax, road tax, wages tax, company tax and petrol duty last year and raising it from 3 per cent to 5 per cent. There will also be other tax increases, and a speeded-up collection of taxes. It is hoped to use Fls.500m. of the yield of the tax regulator for a reduction in the money supply.

During the first nine months of this year, Dutch anti-inflationary efforts have been con-

stantly upset by a large inflow of foreign capital—about Fls.1,800m. (£215m.) net—on September 4 restrictions were imposed on foreigners buying Dutch bonds.

But how effective measure it is remains to be seen. One school of thought claims that foreign money, still enter via Belgium, through outright freezes, cajoling or persuasion, individual Dutch employers and unions may resist any attempt to impose conditions on their bargaining, even if it comes from their own headquarters. Like everywhere else, shop-floor bargaining is growing. The unions' proposal that wage rises should not be on a percentage basis but that everybody should be given a flat rise of Fls.450. (£54) next year may get them into trouble with their better paid members.

In view of the present economic situation, the hope that the Guilder will come to quite a bit, perhaps to 3 cent.

Import surcharge

On the trade front, President Nixon's import surcharge is not posing special problems, only about 4 per cent of Dutch exports go to the U.S. But for the current year, of which Fls.500m. (£60m.) can only be found through recourse to inflationary financing. For 1972, the Government has submitted a fairly neutral budget, which will reduce inflationary financing to nothing by a combination of spending cuts, extension of the fiscal regulator that was imposed on income-tax, road tax, wages tax, company tax and petrol duty last year and raising it from 3 per cent to 5 per cent. There will also be other tax increases, and a speeded-up collection of taxes. It is hoped to use Fls.500m. of the yield of the tax regulator for a reduction in the money supply.

During the first nine months of this year, Dutch anti-inflationary efforts have been con-

Concern over exports

By JAQUES ROUW

During 1966-67 Dutch exports rose by 8 per cent. In 1967-68 they increased by 15 per cent, in 1968-69 by 20 per cent and in 1969-70 by another 18 per cent. Over the four-year period an increase of 75 per cent—no mean performance, even taking into account that the 1970 guilder was not quite what it was in 1966. Yet in spite of these favourable figures the Dutch export organisations are worried. They fear that the Netherlands are gradually losing their competitive position.

Not all signs point that way, but then, signs can be deceptive. Some optimism can be derived from the fact that Dutch export prices have moved up by a mere 7 per cent since 1964,

while those of the main competitors have increased by double that amount. Unfortunately, however, this has not been so much the result of the stringent cost-control on the Dutch side, as the outcome of fierce competition in those areas where the Netherlands' industrial exports are concentrated, such as chemicals, petroleum products and electrical appliances. The exporting industries are currently experiencing the effect of rising costs on the one hand and poor selling prices on the other.

For years the rise in wages—more prominent in Holland lately than in many other industrialised countries—has been the basic source of worry for those who carry responsibility

for the Dutch export performance. Recently, however, a new area for concern has emerged: the international monetary uncertainty, causing additional handicaps.

The monetary development of the past few months has brought the country some trade advantages. Certainly, The West German D-Mark has floated upward more rapidly than the guilder, giving Dutch products an edge over those of West Germany, not only in Germany but on other markets as well, and at home.

The benefit, however, is offset by the fact that the guilder, though it has become devalued compared with the D-Mark and some other monetary units, has floated upward in relation to most currencies—a development which according to some experts, is inspired less by reason than by emotional considerations. Beyond doubt any Dutch industry or organisation engaged in exports, trade or services abroad, has experienced the increase in value of the guilder on the international markets as an additional burden. Obvious examples are the KLM airline and the shipping companies, confronted with product prices set by international standards or agreements. Yet the effect is general, and with world markets being what they are, the loss on the monetary side can seldom be recouped by higher selling prices.

Worried as he may be in respect of the country's short term export results, Mr. Van den Bergh foresees the need for enormous improvement. "Growth of our exports has become, more than ever, a condition for maintaining employment and prosperity in the country."

Growth rate

The increase of Dutch exports has exceeded the increase in imports each year during the 1966-69 period. Last year, however, the export growth rate fell back from 30 to 18 per cent, while imports went up by 22 per cent, against 18 per cent in 1969. As a result the export-import ratio dropped from 91 by the fact that the Guilder, to 88 per cent, and trade has come to show a deficit of nearly Fls.6,000m. (£700m.), compared with a deficit of Fls.3,700m. (£420m.) in 1969. This trend is expected to continue this year and possibly through 1972. Moreover, the influx of capital, which has been so prominent for some years, cannot be counted upon to continue offsetting the deficit now that the Netherlands Bank has taken measures restricting the free entry of "hot money."

Major gains in Dutch exports have come from such bulk products as iron and steel, plastics, organics and other chemicals. Star performers, however, have been the products of livestock farming: last year the Netherlands exported meat, dairy products, poultry and eggs to a value of some Fls.5,000m. (£600m.), giving the country a leading position in the world in this area. The increase in imports has been due mainly to additional demand for machinery, crude oil, iron and steel, cars, optical instruments, cereals (grain, wheat, etc.), fodder and plastics.

This year exports are expected to increase at only half the 1970 rate, mainly because productive capacity has reached a temporary ceiling, especially in the oil refining industry. Invisibles exports are actually expected to move down, primarily because of a reduction in tourist arrivals, which again

is attributed to the world-wide slowdown in economic growth.

An increase in exports may be essential to bring the balance of payments to a new equilibrium and it is certainly vital to the exporting companies. To offset the ever mounting labour costs, productive capacity must be expanded, requiring the outlay of enormous sums. On the home market profit margins have narrowed to an extent which has been called alarming by several authorities, wedged in between rising costs and a fairly effective price control.

Anyway, to many Dutch industries the Dutch market has become a hunting ground which is considered too limited on the one hand and too crowded on the other, now that inter EEC boundaries have lost most of their restrictive aspect as far as industrial products are concerned. With the enlargement of the EEC this tendency will become more marked and the need to boost exports will accordingly become more obvious.

The import surcharge decided upon by President Nixon has been regarded in the Netherlands as a breach of confidence. Resistance is slowly building up, even though it is generally realised that retaliation may rebound on the national economy, which is so dependent on unimpeded international trade.

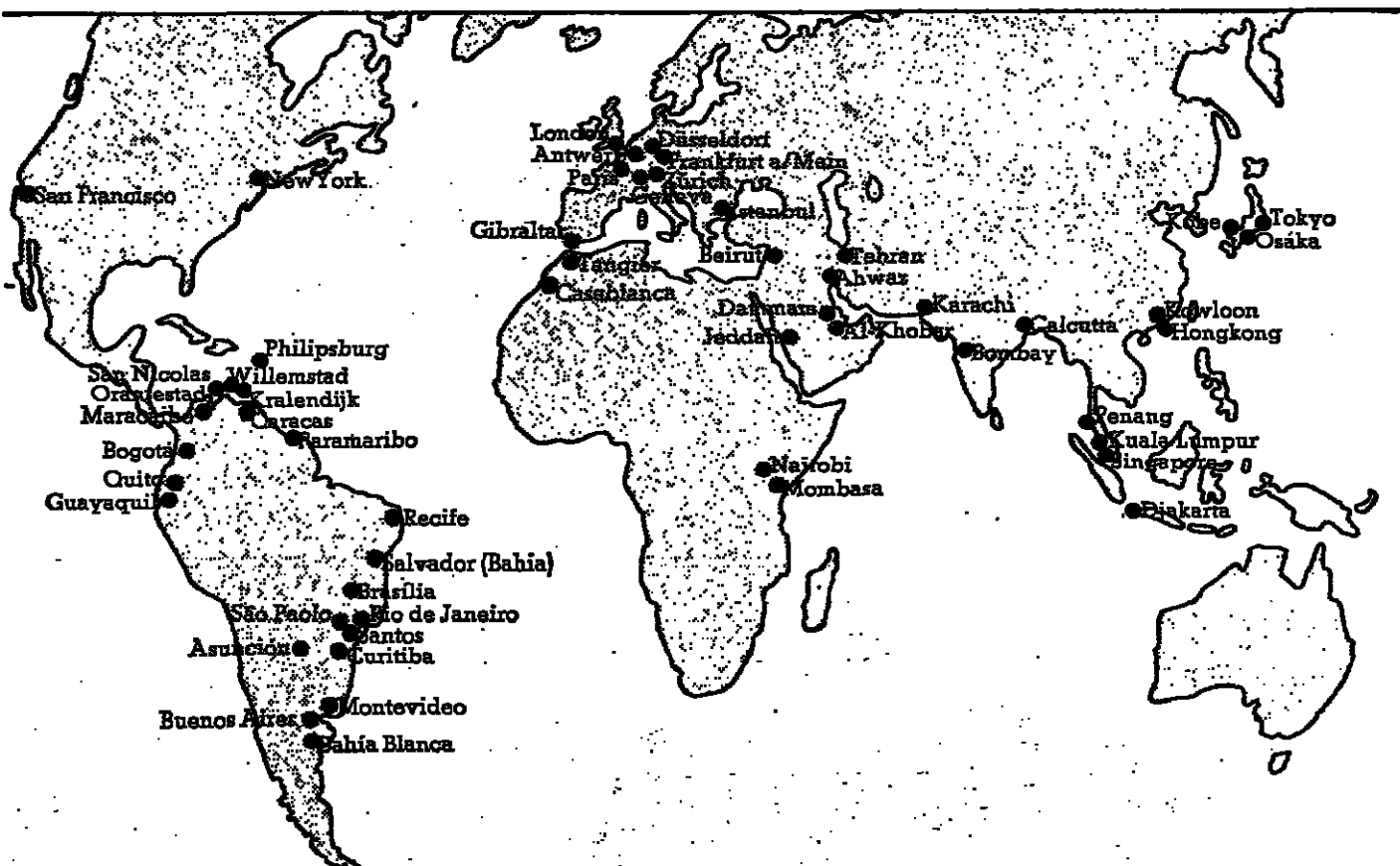
Return—(Cont'd)

Continued from previous page. partner before polling from the United Nations) is taken place.

If the economy goes from likely to cause the Government any immediate trouble with its supporters in Parliament.

But the first real danger will come next summer, when the 1973 budget has to be prepared. The conflict over taxes and public expenditure, so precariously kept in check this year, is likely then to break out with a vengeance. The probability at the moment is that the Government will survive, simply because the religious parties will still find it difficult to accept Labour's condition that they must pick their coalition

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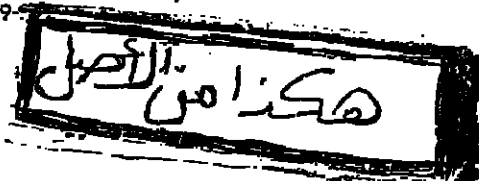
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NETHERLANDS III

Quiet year for the banks

By E. DAMEN

But how the dramatic development in the international monetary field has interfered little with the steady development of the commercial banks in the Netherlands this year. The floating of the guilder, which was decided upon on May 10, shortly before the holiday season, has caused the Dutch exchange dealings to become slightly more profitable than in previous years. Apart from this several banking groups have entered the tourist business outright by offering travel agency services.

The concentration of Dutch banking has not progressed much this year. There has been a closer alignment of the agricultural credit banks, which now possess a national network of nearly 3,000 branches. Also a number of small banks have been absorbed by bigger ones. An example is Landry van Til in The Hague—a banking house not particularly active internationally—which was taken over by the Amsterdam-Rotterdam Bank.

After the guilder was floated, the international exchange rates eased fairly quickly for the major currencies. In respect of the dollar the guilder is now being transacted at about 2.5 per cent. The premium against sterling, which has rarely been more than 1 per cent, the purchasing rate and the Belgian central bank

For the time being, we consider a defensive investment policy, is called for. This implies that our judgment will be determined less by the comparison of the present price with some price of the past than by the financial strength of the company in question, the quality of its management and its near-term prospects. An attractive line of defence is formed by the part of the assets invested in bonds and convertible bonds. Once again Holland Fund's income from cash dividends was higher in the previous year, and, as a result, the distribution for the year ended 30th September, 1971, has been raised to D.6.25 per unit, which amount is tax-free in the Netherlands. In Great Britain income tax will be deductible at the standard rate, i.e. 33.75%. The distribution is payable against surrender of Coupon No. 11 to the managers, Labouchere & Co. N.V., at Amsterdam and Bank Mees & Hope N.V. at Amsterdam, The Hague and Rotterdam.

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In Luxembourg to: Banque Internationale à Luxembourg. In Switzerland to: Messrs. Heutsch & Cie, Geneva. The 10 largest investments at 30th September, 1971

	Per cent of total net assets	Amount
1. Royal Dutch*	9.7	2,394,570
2. Unilever*	3.6	880,400
3. Heineken	3.4	813,750
4. AKZO	3.0	723,000
5. Amsterdam-Rotterdam Bank	2.9	695,000
6. Kon. Hoogovens	2.7	640,000
7. Bank & Assurantie Associatie...	2.6	630,000
8. Nederlandse Scheepvaart Unie	2.1	508,000
9. Eerste Nederlandse—Nijlmitj	2.0	494,000
10. Philips	2.0	487,200
	34.0	8,340,920

* Incl. Holding companies. MANAGERS: Labouchere & Co. N.V., Amsterdam; Bank Mees & Hope N.V., Amsterdam. CUSTODIAN: Administratiekantoor Interland N.V., Amsterdam.

INDEPENDENT AUDITORS: Messrs. Wolfart, Entrop & Van Natten, Amsterdam. In due course an English translation of the complete Annual Report and all further information can be obtained from your bankers or from HOLLAND FUND, 12, Tesseldestraet, Amsterdam, The Netherlands.

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taken to combat the inflow of dollars. Most important was the creation of the "O-guilder" (the "O" standing for "obligatie" meaning "bond"). Allens would henceforth require O-guilders to buy guilder-bonds in the Netherlands. O-guilders originating from the sale of guilder-bonds by aliens to Dutch nationals.

An O-guilder market was set up rapidly, and the O-guilder now sells at a 2.5 per cent. premium. This corresponds roughly with the premium the guilder has acquired against the dollar.

Less profitable

While lending by the commercial banks has shown no great increase and has become less profitable as a result of the gradual lowering of the official bank rate (reaching 5 per cent. on September 15), the banks' income from stock exchange and issuing activities has remained meagre. The Amsterdam stock exchange, though showing a fair amount of resistance until about the middle of the year, has since turned downward. On the whole the climate on the stock exchange has become increasingly less favourable to stock issues by public companies during the past few years. Shrinking profit

When the national liquidity quote entered the danger zone (an average liquidity quote of 34 per cent. has been set as the upper limit by the Netherlands Bank) measures were

For some months now demand for credit by trade and industry has been diminishing: on the one hand economic activity has been slowing down, resulting in less investment, and on the other the inflow of Eurodollars has caused a considerable increase in domestic monetary liquidity. This was particularly marked during the weeks following August 15. Dollars poured into the country as high-yield bonds were purchased on the Amsterdam stock exchange. As a result the Dutch balance of payments, which should have indicated a deficit on a transactions basis, came to show a marked surplus.

Traditionally the Netherlands regions. Full employment, therefore, is no longer a matter of first priority in the Government's economic policy. Equal this were the geographical distribution of industry over the location on the North Sea with ready access to the main European inland waterways and advantages of industrialisation roads, an excellent communications network, a favourable international climate due to a cult for foreign investors to long history of international trade, the presence of a number of multinational companies such as Philips, Royal Dutch, Unilever and AKZO and a widespread knowledge of foreign languages, in particular English, among the population.

Another reason

Exact figures for the amount of foreign investment as a proportion of the total are not available. The U.S. share was estimated at about \$1,300m. in 1970, representing about 12 per cent. of the total U.S. investment in the EEC countries. Since 1958, when the Common Market was set up, direct investments from member countries, in particular from Germany, have increased considerably. It has been the Government's policy since 1950, to stimulate foreign investments as an important factor in the industrialisation process, one that is needed as a result of the rapid increase of the population and the loss of the East Indies. Financial incentives have been given by the State for investment in underdeveloped areas in the Northern provinces, and in the south of Limburg, where the coalmining industry was due to be terminated. Up to 25 per cent. of the initial investment costs can be paid to foreign and home companies alike.

During last few months, however, the economic activity has been stagnating and the labour shortage is diminishing rapidly. In view of the concentration of unemployment in particular areas of the country, it is not unlikely that in the near future the Government will be forced to stimulate industrialisation in these areas and make foreign investment in a limited number of industrial sectors (so-called clean industries) more attractive.

From the U.K. there is increased interest in takeovers of Dutch firms or participation in them. A growing interest in Dutch firms can be expected to increase capital sources from the problem in the industrialised U.K. or other countries.

Due to over-investment in the Western provinces and in the harbour areas of Rotterdam in particular, the Government is now considering a system of investment licences for these areas. A tax on company buildings constructed in the heavily industrialised areas has recently been introduced. All new investment plans in the west of the country are carefully scrutinised as to their effect on the environment. Air and water pollution is one of the biggest problems, and strict conditions in this respect are outlined to companies willing to invest in the economically more attractive Western areas.

Labour shortage is still a big open capital sources from the problem in the industrialised U.K. or other countries.

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Consolidated Balance Sheet

LIABILITIES	30.6.1971 FL	31.12.1970 FL
Capital	80.125.000	80.125.000
Reserves	114.509.000	103.856.000
Convertible Subordinated		
Debtenture Loan	36.000.000	36.000.000
Deposits, etc.	8.767.497.000	8.022.799.000
	7.008.131.000	6.242.780.000
ASSETS	30.6.1971 FL	31.12.1970 FL
Cash, etc.	1.212.001.000	908.187.000
Treasury paper etc.	1.568.187.000	1.334.223.000
Investments	639.345.000	581.943.000
Loans, Discounts, etc.	3.412.511.000	3.261.374.000
Real property	176.087.000	157.053.000
	7.008.131.000	6.242.780.000

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NETHERLANDS IV

Huge successes in energy production

By ADRIAN HAMILTON

After a decade of rapid growth and radical change following the discovery of the vast Groningen gas field in 1959, the Dutch energy scene appears to be settling down to a decade of more relaxed enjoyment of the fruits of these developments. For a small country, it has been both fortunate and long-sighted in energy matters. The growth of "mammoth" tankers in the oil industry, coupled with the intensive development of Rotterdam-Europoort as a terminal to take them, has enabled the country to become not only a major importing centre for crude oil in Europe but also a considerable refinery export centre for crude oil products. Last year, for instance, the Netherlands as a major import country imported some 67m. tons of crude oil, compared with 48m. metric tons in 1969, and exported 37.6m. tons, an

increase of nearly 17m. tons on the figure for the previous year. Exports of "black oils" alone rose from 14m. tons to 23.1m. tons, while exports of crude oil went from 1.1m. tons to 7.7m. tons. This was far greater than any other country in Europe and formed over 45 per cent of the total export movements of oil in the EEC. Though some at least of this record was due to the unique fears of oil shortages in Europe at the beginning of last winter, and although the room for growth in terms of new refineries may now be becoming rather less, there is little sign that the country is in danger of losing this position in Europe. Demand remains high and the attractions of the Dutch State Mines a further group, NV Nederlandse Gasunie, in which Shell and Esso have 25 per cent, the Dutch State Mines a further 25

per cent, and the Netherlands Government, 40 per cent. The basic marketing policy has rested on an early build-up of supplies through bulk sales to industrial consumers and the electricity industry, coupled with a pricing policy in which the price of gas is pegged to that of industrial fuel oils within a certain ceiling. Despite the relatively high price that this has entailed, the industrial value of gas in terms of quality and pollution-free factors as well as availability has encouraged strong demand in most sectors. Production has increased from some 330m. cubic metres to 31,400m. cubic metres last year and is expected to more than double over the next few years to a level of around 80,000m. cubic metres in 1975, by which time it is likely to account for as much as half of Western Europe's total production.

The main factor of natural gas growth in the present decade will be exports under contracts now signed with Germany, France, Belgium and, more recently, Italy and Swiss customers. Exports last year totalled about 1,371m. cubic metres, or about 38 per cent of total production and, as the major contracts build up to full flow in 1974-76, the total should reach a level of about 14,000m. cubic metres, or half total production, with some 14,000m. cubic metres going to Germany: about 10,500m. to France, 6,000m. to Italy and 500m. to Switzerland. The positive effect on the Netherlands' balance of payments, both in terms of import substitution and exports, is already about Fls. 1,350m. a year and, with the rises in general energy prices, is likely to be nearer Fls. 3,000m. by the middle of the decade.

But if the Netherlands, therefore, remains in a phase of very considerable expansion in the energy sector, it is also entering a period when the pace of change will soon start evening out. Of the total of over 2,000 milliard cubic metres of recoverable reserves in the country, over 1,800 milliard are in Groningen, whose production is now virtually committed until 1990.

NAM has found further fields at north and south-east Drenthe and in the Twente region, while the Amoco-Gelsenberg-Dyas group, the Petroland consortium of French companies and the Chevron/Texaco partnership have found further reserves at Bergen and in the Friesland province. But the onshore reserves have been calculated at over 2,000 milliard cubic metres, and there are strong indications that energy prices as a whole will continue to rise over the next few years, both in terms of internal and export consumption.

Gas supplies

The discovery of major natural gas reserves within its boundaries, indeed, could hardly have been better-timed from the Dutch point of view. Despite threats of competition from Russian gas and LNG from North Africa, the demand in Europe remains potentially much stronger than supply, while prices of competitive fuels have escalated at unparalleled rates over the last two years.

Recent finds

Outside of this, gas strikes have been made by NAM in north Holland and near Groningen and Petroland, and the Chevron/Texaco partnership have also made recent finds, while several strikes have been made offshore by Placid and NAM. But, while exploration is still continuing, it is unlikely that reserves on anything like the Groningen scale will be found. In their absence, the Netherlands and the main gas producers are now concentrating on maximising the benefits of its present production. The build-up of export deliveries is being speeded up and the "plateau" rates may well be reached earlier than the 1974-75 period previously calculated. At the same time, efforts are being made to raise contract rates. How successful this will be remains uncertain, but the recent energy crisis has done much to increase the attractiveness of gas in the European market, and there are strong indications that energy prices as a whole will continue to rise over the next few years, both in terms of internal and export consumption.

Motorway system expanding fast

By Th. H. JOEKES

The construction of the Netherlands' excellent motorway network was first inspired by the economic depression of the 1930s. Now, more than a generation later, the national road system's expansion and improvement are in full swing. But the limits set by sheer space in what is already the most densely populated country in the world are coming into view. By present standards of judgment, these limits will be reached before the century is out if any undisturbed open spaces with a minimum of wildlife and breathable air are to remain.

Work on the first Dutch motorways started before the need really arose. Up to about 12 years ago the number of cars per 1,000 population lagged far behind the comparable figures for such countries as Britain, Germany and Sweden, let alone the U.S. During the 1930s, when Nazi Germany built her first autobahns to create both employment and military lines of communication, the first Dutch kilometres of Autosnelweg were the fruits of purely Keynesian economics. The Wellesian monsters which now re-surface two or three motorway lanes in one single operation sometimes work on ballast transported five years ago by a man with a wheelbarrow. And while the tanks rumbled in on May 10, 1940, civilian traffic on the Rotterdam-The Hague motorway was still so light that the Luftwaffe could plan to use it as a landing strip.

Largest port

Since then a number of fundamental changes have taken place in Dutch society. Rotterdam grew into the world's largest port with a hinterland stretching for hundreds of miles. The seafaring Dutch also became international road-farers. More than half the international road haulage within the Common Market starts or ends in Holland, and Dutch hauliers have captured about 70 per cent of that trade, much to the annoyance of such national planners as Germany's Transport Minister, Georgs Leber.

The number of Dutchmen has increased from some 9.5m. in 1945 to 13.1m., and the number of private cars from 100,000 just before the war to 2.5m. this year. The two-level roundabout is no longer the height of sophistication. The emphasis in the road building plan has shifted from inter-city connections to urban and semi-urban motorways, and to-day's showpiece on the northern edge of Rotterdam, the Kleinpolderplein, consists of a knot of four-lane roads and fly-overs on four levels.

When the war ended, there was one road tunnel in the whole country. Soon there will be a dozen. These late 1960s and early 1970s are the golden years of

motorway construction and planning in the Netherlands. A temporary slow-down in construction during next year, caused by the need to fight inflation by restraining the overall increase in public spending, has just been announced in the 1972 estimates. These economies may well coincide with a much more fundamental change in policy inspired by the dangers of over-population and pollution and the wish to try and preserve as much peace and quiet as possible in Holland's green and pleasant land.

New programme

1965 also marked a new departure. At that time there were some 350 miles of motorway in the Netherlands. A new programme, financed on different principles than came into force. Its target was the construction of an additional 500 miles of motorway by the end of 1970 and a further increase to a total mileage of between 1,400 and 2,000 in the second half of the 1970s. Until 1965, the main roads had been paid for from general departmental funds as part of the national budget. The road users' and builders' lobbies frequently complained that this expenditure was also being used by the Government as a kind of general economic regulator: less new mileage in boom periods, more in slacker times, to the detriment of properly planned production aimed primarily at meeting transport needs.

The new system, introduced nearly seven years ago, is still in use. The motorway programme has been financed since then from a National Road Fund fed from two sources. One is an exchequer contribution of whose size is determined by the increase in the number of registered vehicles. The other consists of a surcharge on the motor vehicle duty. Next year, Fls. 698m. (£84m.) will be spent on new motorways and their connecting bridges and tunnels. Motorway maintenance—a new charge on the Fund, which used to be paid for direct by the Department—will require Fls. 180m. (£12m.). An accumulated deficit of Fls. 40m. (£4.8m.) also has to be paid for.

The Exchequer will contribute Fls. 376m. (£46m.) to the Fund next year and the surcharge will yield an additional Fls. 540m. (£65m.). These figures only refer to the motorway programme. Comparable sums of money are spent annually on other main roads, provincial roads and streets in built-up areas. Two major elements are receiving increasing attention. One is the relation between motorway traffic and traffic in towns and parking space near popular recreation centres. Urban congestion has grown enormously in the past decade and is now nearing its physical limits. A

recent departmental publication on transport planning for the year 2000 contained the following illustration of what will be in store for Amsterdam if the forecasts for 900,000 inhabitants and 375,000 cars (one to 2.4 inhabitants) are realised. If all these vehicles were parked in four-storey garages, the sites required would cover 750 acres or nearly two-thirds of the present city area inside the outer horseshoe of the old canal system.

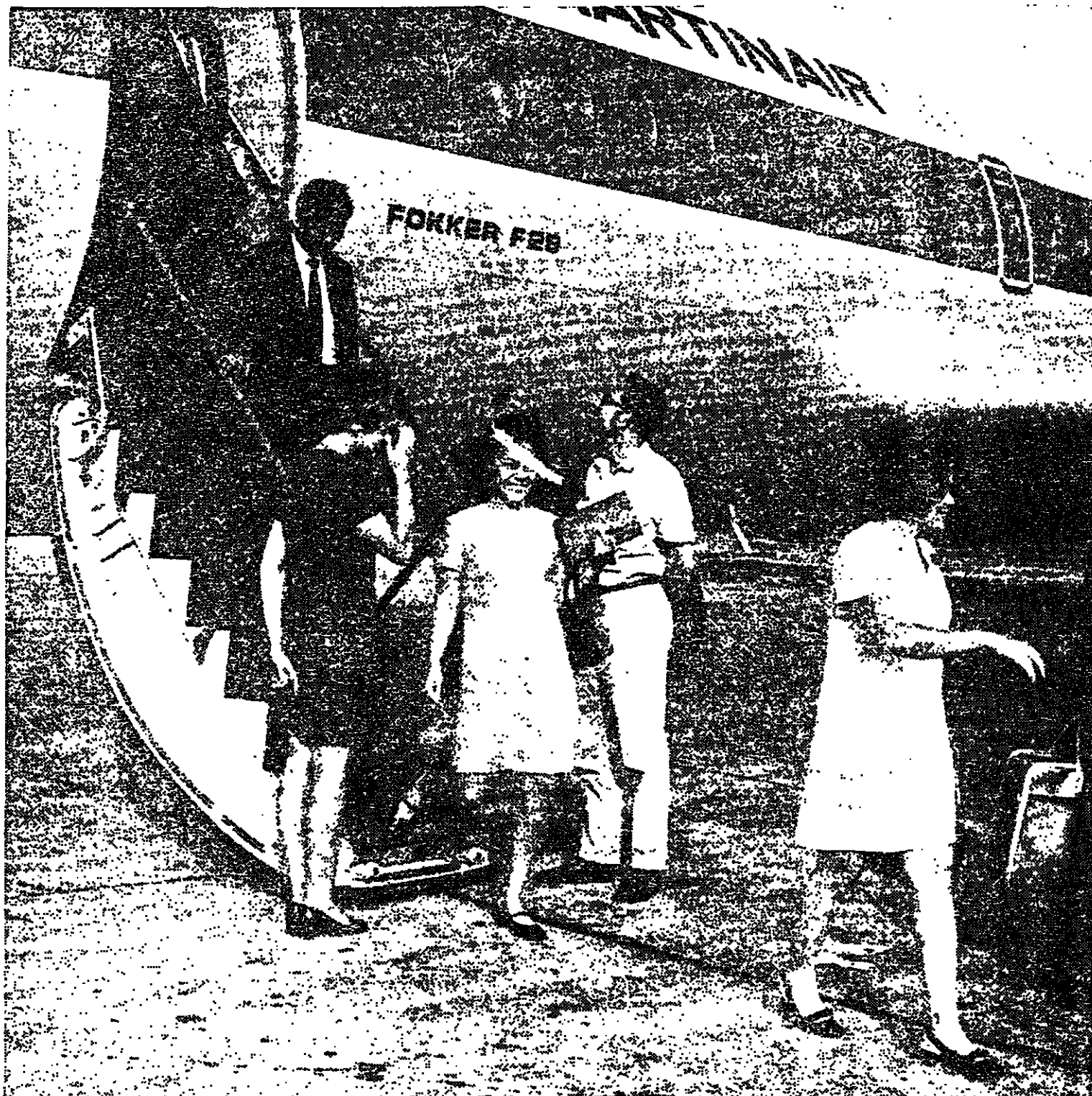
The second major element is connected with the first. The traffic problem, it is now felt by those responsible for planning and policy, will never be solved and only grow more pressing year by year unless private and public transport are closely integrated and treated as complementary rather than competitive, as at present.

The new Minister of Transport, Dr. Willem Dress, has just announced that plans are being worked out for a General Transport Fund. This would not only be used as a source of finance for rail as well as road construction in and between towns; it could also serve to channel part of the motor tax surcharge (and perhaps part of the petrol duty) yield into public rail and bus services, which now operate at a loss. Some private motorists would undoubtedly regard this as a retrograde step. It would also be hotly contested by the road hauliers, who already tend to think that their fiscal position at home is little help to them, to put it mildly, in their fight against both commercial and (unfair) official competition on the roads and railways of Germany and beyond.

National network

But the Dutch transport planners are nothing if not forward-looking. Where applicable, the national motorway network has been deliberately redesigned from the earliest possible moment to fit into the larger European network of E-roads. Such futuristic schemes as the electronic guidance of electrically-propelled private road vehicles have been under active study here for a number of years. It is the authorities' declared intention to apply differentiated pricing mechanisms to parking and even to driving as soon as the necessary counting and metering apparatus has been perfected.

Nothing made this forward-looking attitude more visible to the ordinary motorist in Holland than the old milestones along the motorways which were unfortunately replaced some years ago. Until then, Mr. Jansen, the local fruit grower, could drive his old Mercedes from his farm near Arnhem to the Utrecht fair along the E-36 and be reminded every 1,000 metres that the end of the road was beyond the horizon: "E-36—XXXX kilometres".



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NETHERLANDS V

Chemicals hard hit by rising costs

by EDWIN KISMAN, Editor, Chemisch Weekblad

A serious over-supply of materials of 8 to 10 per cent. In sharp contrast to these rising costs stands a steep fall in prices as a result of large-scale manufacture, through which lower unit costs could be achieved. Lower prices stimulated the penetration of organic end-products into many aspects of consumer demand. Yet prices have to rise again to maintain a level of profitability which will allow the industry to continue its investment programme. The reaction to this, however, will be a slowdown in market penetration.

One of the reasons for the decline in profitability was the fact that many large plants were brought into operation at a time when demand was low, which caused reductions in plant utilisation. To fight this problem DSM as well as AKZO advocated in their latest annual report the design of some kind of investment scheme rotation, which must of course be compatible with the Treaty of Rome.

In spite of the present difficulties and uncertainties the prospects are still those of substantial growth. The Central Planning Bureau estimates a gross production growth of 10.5 per cent for 1971, against a growth of 12.5 per cent in 1970, but holds to the earlier forecast of an average growth of 13.3 per cent in the period 1968-1973.

Growth in production of basic chemicals is expected to remain encouraging, at a mean 15 per cent in 1968-73. The estimated rise in gross production of the entire Dutch chemical industry in the period 1968-73 averages 13 per cent a year, which is slightly below that of the period 1963-68 (14.5 per cent).

One of the characteristics of the Netherlands is its high density of population, which means that the limited space must be handled with great care. This is one reason for the emergence of new responsibilities, because, in the past few years of a number of conservation movements, specialist staff to take the right decision, and because they may be forced to close down a plant in Amsterdam and Delfzijl.

The concern of a relatively small group of individuals developed rapidly into a political issue, which accelerated anti-pollution legislation. Under the pressure of public opinion, Amsterdam refused the establishment of a carbon disulphide plant proposed by the French company Progil. Gulf had to delay starting up its Rotterdam ethylene plant for some time, and the Hoechst Vilsingen plant lives in a continuous struggle with the local conservation movement.

The old fashioned anti-nuisance law (*Hinderwet*) is soon to be replaced by anti-water-pollution, anti-air-pollution and anti-soil-pollution laws. The anti-water-pollution law is already operative. As a result of a recent severe smog situation in the Rotterdam area, a new phenomenon for Holland, a part of the anti-air-pollution legislation recently became operative, giving provincial governors the power to force industries to shut down plants which obviously cause air-pollution for as long a period as is necessary to regain a prescribed level of air purity.

These governors meanwhile seem to be unhappy about their

system
ast

There were large increases in a cost of new chemical plant in 1970. The estimated costs of the refinery which was to be built by DSM and well in Zuid-Limburg are a technical modification raised the price from £200 million to £270m. Calculations showed at the beginning of this year that the estimated cost had to be increased from £270m to more than £720m. This is due to rises in the costs of sign, labour and materials. The Shell report states that the continuing inflation, the capital cost of plant in Western Europe may increase by 40 per cent between 1970 and 1975, at this forecast might prove to be on the low side. Furthermore, the cost of feedstocks might increase by as much as 25 per cent by those respect, and the cost of energy might rise by 40 per cent in this period.

DSM reported an average increase of wages of 12.5 per cent in 1970, an increase in energy costs of 11 per cent and a rise in the cost of raw than an hour, in all the comfort

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KLM a pioneer of co-operation

By MICHAEL DONNE, Aerospace Correspondent

As a small country, with at one time a substantial colonial empire, the Netherlands has always been aviation-oriented. The nation's flag airline, KLM, was founded in October, 1919, but the onset of winter delayed the first flight until May the following year. At that time, having no aircraft of its own, the airline hired DH-9 aircraft and crews from the English company, Aircraft Transport and Travel, and it was with this type of machine that the first scheduled air service between London and Amsterdam was inaugurated.

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From those early efforts, KLM has developed steadily until today it is one of the world's major airlines, with a route network linking 103 cities in 70 countries, covering a total of 204,376 unduplicated route miles. The airline has continued to expand during 1971. The airline's latest (1970-71) annual report shows that it has a work-force of over 16,500. It now has a fleet of more than 50 jet airliners, including several of the very latest type to join the world's air fleets, the Boeing 747 Jumbo jet. In the year to March 31 last, the airline carried nearly 3m. passengers, 19 per cent more than in the previous year.

Beyond profits

KLM's contribution to the Dutch economy goes beyond the profits that it earns as an airline (\$13m. net in 1970-71). For a small trading nation such as the Netherlands the preservation of reliable international passenger and freight communications is essential, and it is to this end that KLM is dedicated. Accordingly, through the 1970s further substantial growth in the Dutch airline can be expected.

In addition to being among the pioneers of new routes and new aircraft (including what was to become one of the most famous aircraft of all time, the ubiquitous DC-3), KLM has also been an innovator of new concepts in civil aviation. This is especially the case in technical and operational co-operation. Airline co-operation remains an essential aid towards increasing efficiency. By having aircraft, engines and spare parts mutually available, and by conducting joint technical maintenance and handling, for example, costly equip-

New link

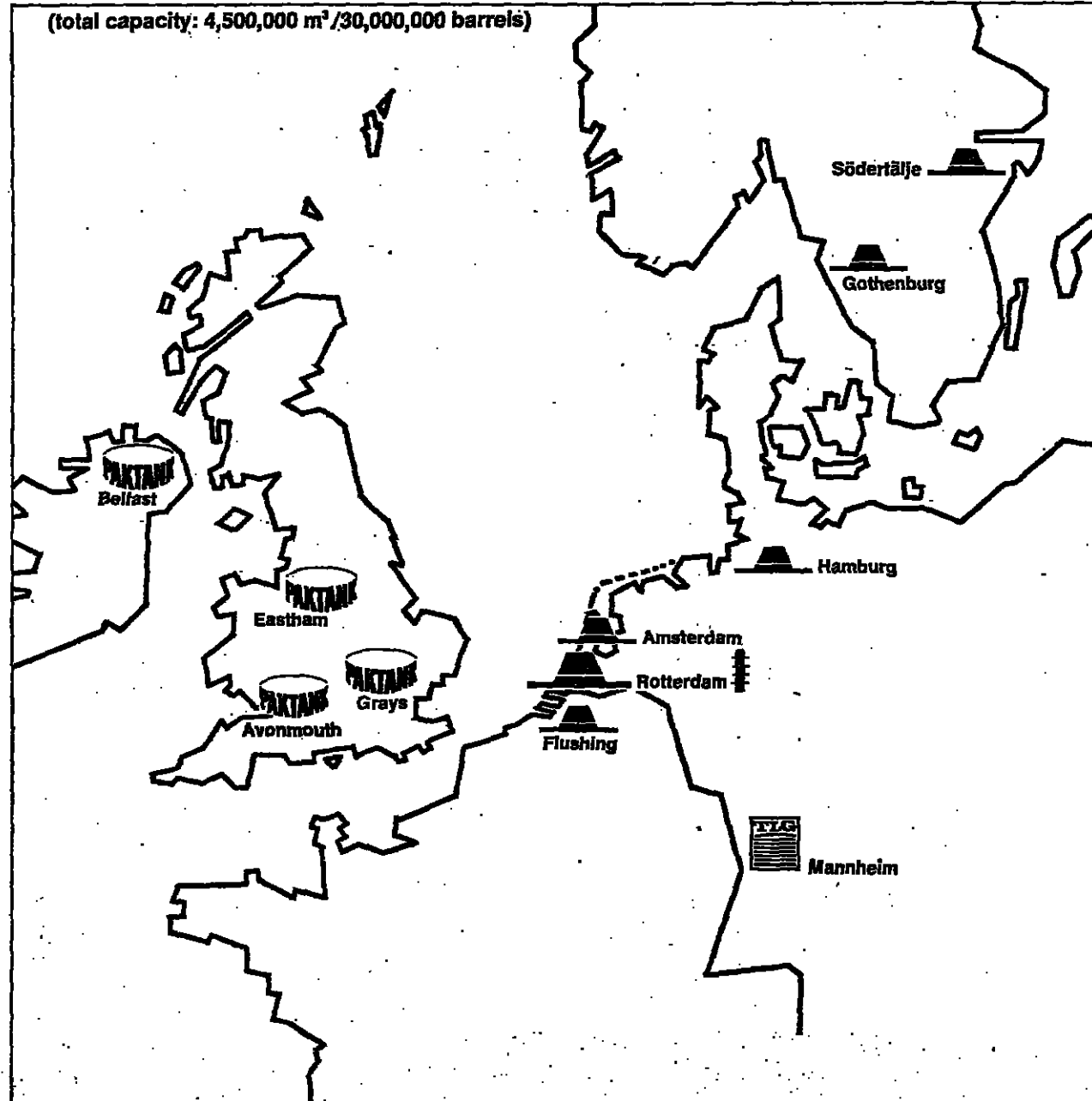
More recently the KSS group has been joined by another airline, the French Union de Transports Aériens in a new link (called the KSSU group), to co-operate in a similar way on the next major aircraft that will be joining their fleets—the McDonnell Douglas DC-10-30 long-range "intercontinental" version of the DC-10 "tri-jet".

Between them the KSSU airlines together are planning to acquire eventually 43 DC-10-30s (of which 12 will go to KLM), costing in all around \$417m. First deliveries of these aircraft are due in 1972.

The possibility of buying the short-haul, high-density European A-300B air-bus is also currently being discussed by KLM with Airbus Industrie, the company set up by the manufacturers, Deutsche Airbus and Aerospatiale of France, to market that aircraft. Since a number of other airlines in Europe are also interested in this aircraft—notably again SAS and Swissair—a further extension of this overall principle of close airline technical and operational collaboration seems likely to emerge on the A-300B.

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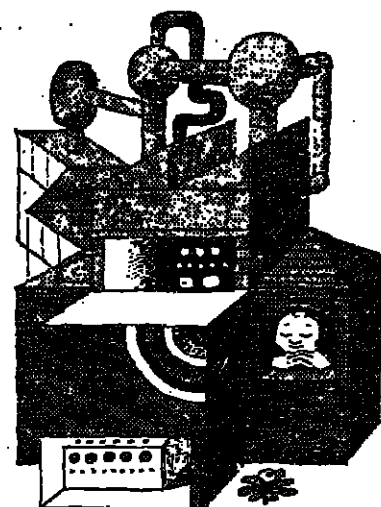
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NETHERLANDS VI

Political problems for the ports

By ROBERT HAWKINS, Editor, Seatrade

Rotterdam-Europoort had another record year in 1970, despite an unprecedented strike and a certain amount of congestion. If the port has any real problems they are political and connected with pollution fears. Amsterdam, on the other hand, had another glum year. Its problems are practical and connected with the IJmuiden Lock, which admits nothing bigger than 80,000-g.r.t. via time-consuming entrance channels. The port personnel are lively and willing, the port equipment more than adequate, but the necessary finance for infrastructure development below IJmuiden is slow in coming forth.

But the age of giant tankers has brought problems of draught to Rotterdam-Europoort itself. Throughout its rapid growth story, which began after the war, the port has never been denied finance for necessary infrastructure, for as the chief service port for Europe the Dutch Government has always taken the view that what is good for Europe is good for Europoort, and consequently good for the Netherlands. Only this year a new deep channel was opened to safely admit very large crude carriers (VLCCs) of 250,000 d.w.t. and there is every indication that the Government is on the verge of plunging into even deeper waters by dredging the approaches several miles out to sea to accommodate ships of up to 500,000 d.w.t. Behind the scenes there is a serious move to promote the building of wide-beam shallow-draught VLCCs that need "only" 72 feet of clearance against the present 65 feet available at Europoort. Capital for dredging that depth would be forthcoming, but for further depths up to 96 feet dredging would be ten times more expensive. The outcome may be the appearance of a "Europoort VLCC" of considerable economic importance to Europoort and other ports with draught problems.

The question of oil is central to the Dutch port and industrial scene. Rotterdam, heavily endowed with refineries and related chemical plants, is the centre of a network of pipelines to surrounding countries and cities. While Amsterdam, Flushing and Antwerp in the immediate vicinity have given up any aspirations to accommodate VLCCs, they stand to benefit industrially from Rotterdam's oil services. The anti-pollution lobby is discouraging the industrialisation of reclaimed areas to the south of Rotterdam, the prime example being the indecision over whether to go ahead with the massive Hoogovens-Hoesch steelmill, on the expensively reclaimed Maasvlakte.

Antwerp and Flushing are now developing oil centres, but Amsterdam could well lose out

again. The Mobil refinery based there some years ago has still not had remarkable success in attracting petrochemical plants. The city's one advantage over Rotterdam is that its labour resources are not stretched as far. But the Dutch branch of the Imbucon consulting firm in a recent report estimated that the port is growing by only 2 per cent a year compared with a 7 per cent average for the rest of Western Europe. It urged that the Government had need of a second major port in Netherlands, that the port should be Amsterdam, and that without a new outer port (cost about Fls.1,265m.) below IJmuiden it would not be possible to protect even the existing facilities in Amsterdam. It urged better marketing and management (although the port is considered to be over-endowed with equipment by many), and the encouragement of more industry in the area. The Government had shelved a decision on this until the elections just past, but in the meantime Amsterdam can but wait and hope.

Strike effects

In 1970 Rotterdam-Europoort handled in the region of 215m. tons of goods, over 100m. of it oil, an increase of 18 per cent on 1969 despite a strike of general cargo workers which cost the port about 1m. tons of

high revenue general cargo, and forced an increase in port dues. There was a certain amount of port congestion too, which led to the disappointment of the year with the loss of the new lighter-carrying (Lash) ships to Antwerp (significantly, not Amsterdam). The strike was also said to have improved trade to Hamburg and Bremen. The Lash ships at the time were carrying soya meal mainly, and grain ships were suffering delays of up to two weeks. The Graan Elevator Maatschappij has now opened its new terminal and the position has eased, but another new terminal is only now nearing completion. A new ore/coal terminal owned by Thyssen, Krupp and Mannesmann with a 1m. ton capacity has eased congestion in that field. A forest products terminal has also been opened, and generally the picture is one of progress.

Some 200,000 containers were handled in Rotterdam-Europoort in 1970 (the figure could double this year) and most container personnel did not join the strike. The go-ahead was given for a new containerport—Rijnpoort—on the north of the waterway, to be ready for third-generation containerhips in 1975. On the commercial side recently, the container consortium known as Scanservice joined with the local outfit Nedlloyd, to operate the new

Far East service under the banner of ScanDutch as from April 1 next year. The partners have invested \$250m. in six new containerhips, who it is thought will use the European Container Terminals (which expects to handle 230,000 containers this year). The other major Far East service group getting ready for the 1972 start consists of 17 vessels supplied by a consortium of P&O, Nippon Yusen Kaisha, Hapag-Lloyd and others, which makes up the biggest joint containerhip operation anywhere in the world. Under the name of TILIO, it will operate from the N.V. Uniceur terminal, which is significant that these giant operators have considered Europoort a must for the European side of the venture.

Head start

The world's biggest, therefore has a head start, the new European container race, but Hamburg and Bremen are willing competitors. Antwerp eager to snap up dissatisfied customers, dark horse for the big port, though, is Le Havre, which is becoming increasingly ambitious in the container sector, and the French Government is said to be willing aid construction of an additional line from there to W. Germany to save tankers the trip English Channel to Rotterdam.

Mergers among shipbuilders

By R. F. GIBNEY, Seatrade

Shipbuilding in the Netherlands, too, among other European shipbuilding countries, has at least one combine comparable in size to some of the leading Japanese companies. Rijn-Schelde-Verolme Machinefabrieken en Scheepswerven NV (RSV), as the merged concern is known, currently holds shipbuilding contracts for 33 vessels totalling nearly 42m. deadweight tons—over 90 per cent of all tonnage now on order in Dutch yards.

In the North, a number of shipyards have formed the Conoship association and in Groningen, several yards have established NV Scheepsbouw-combinatie (Nescos). A Vuyk on Zonen's Scheepswerven NV, Capelle a.d. IJssel, and Zaanlandse Scheepsbouw Mij, Zaandam, have, through successful liaison obtained a big series

run of feeder containerhip orders from Sea Containers, the New York based leasing organisation. Van der Giessen-De Noord, itself the result of a merger between two builders in Krumpen a.d. IJssel and Alblas-serdam some years ago, is the remaining major individual shipbuilding company. It has held talks with several other yards and earlier this year appeared to be interested in joining the new RSV concern. However, nothing has come of its explorations so far. Van der Giessen-De Noord has an attractive order book which includes containerhips, multi-purpose cargo liners and products carriers, providing full employment well in 1973.

group of yards means that the Netherlands, too, among other European shipbuilding countries, has at least one combine comparable in size to some of the leading Japanese companies.

Output has more than doubled during the past years. In the first nine months of 1967 Dutch shipyards completed 220,000 gross tons was finished by industry. The 106 per cent rise in tonnage completed compares favourably with the age world increase of 64 per cent during 1967-71. According to Lloyd's Register of Ships the total order book of Dutch shipyards stood at 174,000 gross tons as at September 30. This compares the 185 vessels of 2.15m. tons on order a year ago.

Of this total the RSV alone holds contracts for super-tankers in the 225,000 d.w. ton range, all foreign-flag registration. The yards currently have 25 tainer and roll-on, roll-off on order. Apart from present depressed state of market for new contracts, other factor which gives for concern among Dutch builders is the question Government interest rates for financing new build contracts. In October, the subsidy rate on open market credit was reduced by 1 cent, to 31 per cent, with OECD recommended. Naturally, any further halving of interest rates will the competitiveness of Dutch shipyards under further

pleted hull somewhat conventionally — horizontally into the water.

A group of shipyards located in the north of the Netherlands are to construct a new steel-working facility in Groningen. The plant should be in operation by the end of next year, with over £2m. The steelworks be run on an autonomous basis with the Dutch Government holding a stake of around 50 per cent.

Positive effects

Rationalisation of the building industry in the Netherlands has had a very positive effect on output. More than some European countries where output is comparatively low-value bulk vessels, specialisation in ship types such as ferries, containerhips, general cargo vessels and dredgers meant that the Dutch output has been fairly valuable a foreign currency earner. 90 per cent of new work obtained during the boom 1970 was from overseas. The Dutch Shipbuilding Association to express its concern at the low level of domestic contracting, which it would provide a natural source of new work for the yards.

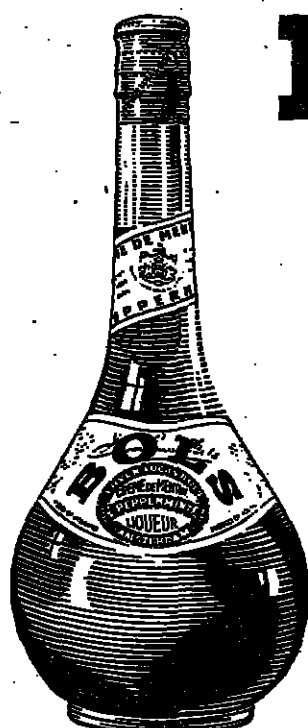
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The Schiedam works of I.H.C. recently signed a contract worth around £8m. to build a huge pipe-laying vessel for Soviet interests. The vessel, which will incorporate pipe wrapping equipment, will be able to lay pipes twice as deep as can existing pipe-laying vessels. Zaanlandse has also announced a major investment scheme which will also provide for "covered in" shipbuilding Expenditure of nearly £4m. considers will be more like a motor vehicle assembly plant rather than a shipyard. Utilising unique "keelcarriers" which will run on railway lines, as it makes its way towards a ship will be built gradually as it makes its way towards a 4,000-ton-capacity "ship-lift" which will launch the com-

Dredging equipment

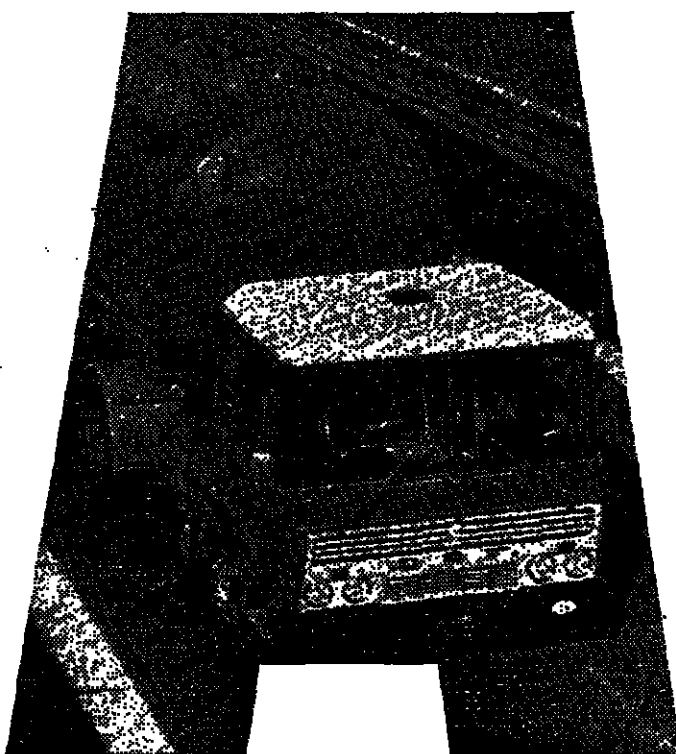
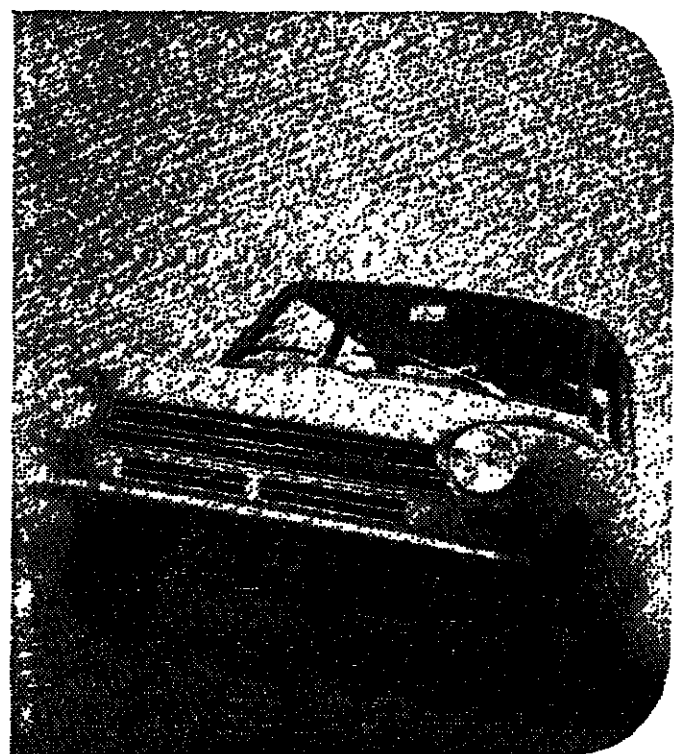
The I.H.C. Holland group, which itself prefers not to be classed as a shipbuilder, claims to be the world's biggest producer of dredging equipment. It has plans to completely modernise its Smit-Kinderdijk dredging division at a cost of Fls.20m.

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NETHERLANDS VII

Shippers threaten to abandon Dutch flag

By ROB VAN MESDAG

THE DUTCH shipping companies are threatening to abandon the Dutch flag because of a proposed tax on shipping. The message is being sent to the Government in a letter from the Dutch Shipowners' Association (KONINKLIJKE NEDERLANDSE REEDERS VERENIGING) to the Minister of Transport, Public Works and Waterways.

The letter states that the proposed tax would be a "death blow" to the Dutch shipping industry. It would force companies to choose between paying the tax or losing their Dutch flag. The companies are currently facing a difficult situation, with many of them having to operate under foreign flags to remain profitable.

The proposed tax is part of a broader effort by the Government to increase revenue from the shipping industry. However, the shipowners argue that this approach is unfair and would lead to the loss of jobs and the decline of the Dutch shipping sector.

The letter also mentions that the companies are considering other options, such as moving their operations to other countries. This would be a significant loss for the Netherlands, as the shipping industry is a key part of the country's economy.

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Tax havens

First and foremost therefore, the Dutch Shipowners' Association (KONINKLIJKE NEDERLANDSE REEDERS VERENIGING) is recommending (or should one say, imploring) the Dutch Government to reduce corporation tax to a level comparable to that paid by nations with ships registered in flag-of-convenience countries. Or, as the KNRV themselves put it: "To create in the Netherlands a tax haven for shipowners." Implied in this suggestion is the view that such freedom might well entice shipping companies from other nations to register their vessels in Holland. But far more important is the Association's concern for its own members, the most important of whom have made some sad announcements of late. KNSM, one of Holland's biggest shipping groups, told government officials in no uncertain terms that it will no longer register new ships in Holland. And SU, a consortium founded several years ago, plans to register abroad a \$30m. gas tanker now under construction in France.

This trend is also noticeable when looking at the total tonnage of new ships which Dutch companies have on order: this amounts to 4m. tons. Yet only 6m. tons of this total will be registered in the Netherlands. The Dutch economy will therefore not be able to reap the benefit of the remainder. This is the strongest argument Holland's shipowners have in support of their case. They now that should the industry be forced to "emigrate" the balance even further. Already shows a deficit of \$380m., while the revenue derived from

brewery, in deals involving the equivalent of \$18m. Only a week after Allied announced it was taking over Breda, the two major remaining independent Dutch breweries, Heineken and Amstel, revealed they had merger plans. They made no secret of the fact that Allied's action and the implications it held for the EEC beer market was one of the major reasons for this move. But the growing competition in other parts of the world was also a

Profitability knock. Profitability in the domestic market for all brewers took something of a knock because of rising costs and a back-dated wage increase in 1970 that could not have been accounted for in forward planning. But early this year price increases were allowed for both beer and soft drinks and this alleviated the position to some extent. The setback was particularly disappointing for Allied, which had seen its plans race ahead before the wage increases took some of the steam out of the situation. From the outset there had been complete harmonisation of production between Allied's two new acquisitions—one supplies draught beer and the other bottled. On the marketing side the sales forces welded together almost overnight. The Heineken-Amstel merger had brought Allied a bonus in

Continued on next page

Pace hots up for liquor trade

By KENNETH GOODING

The past two years have seen quite a shake-up of the brewing and distilling industry in the Netherlands, and it is no coincidence that the changes began to take place around the time that Allied Breweries, one of the two biggest concerns of its kind in Britain, became the first of the U.K. brewers to gain a Continental base from which to attack the Common Market. Early in 1968 Allied acquired Oranjeboom and shortly afterwards bought the Breda factor.

This seemed to leave little room for further mergers in the brewing industry, because the combined Heineken-Amstel group now accounts for about 55 per cent of the Dutch beer market. Oranjeboom (plus Breda) claims around 30 per cent, while the rest of the trade is split between Grolsch, with some 10 per cent, and a number of small fry. Heineken is, therefore, the giant of the Netherlands drinks business. It sold \$87m-worth of beer last year, not only in Holland but in many other parts of the world. For it markets one of the world's leading brands, often producing on the spot in other countries, mostly with local partners. The brand is now also well-established in England and Wales where in the past two years it has captured 21 per cent of the draught lager market. This followed a deal with Whitbread, third-largest of the British brewers, which pays royalties for the use of Heineken's production know-how and the use of its world-famous brand name.

An indication of how Heineken continues to build up its position in the Netherlands comes from the fact that its domestic sales were up 20 per cent last year during a time when the beer market as a whole advanced by 10 per cent—quite a fast growth rate. But at 55.6 litres per head annually, the Dutch market is still well below the corresponding figures for Germany, Belgium, and Denmark. At the same time Heineken managed to clock up an 11 per cent increase in exports last year.

Continued on next page

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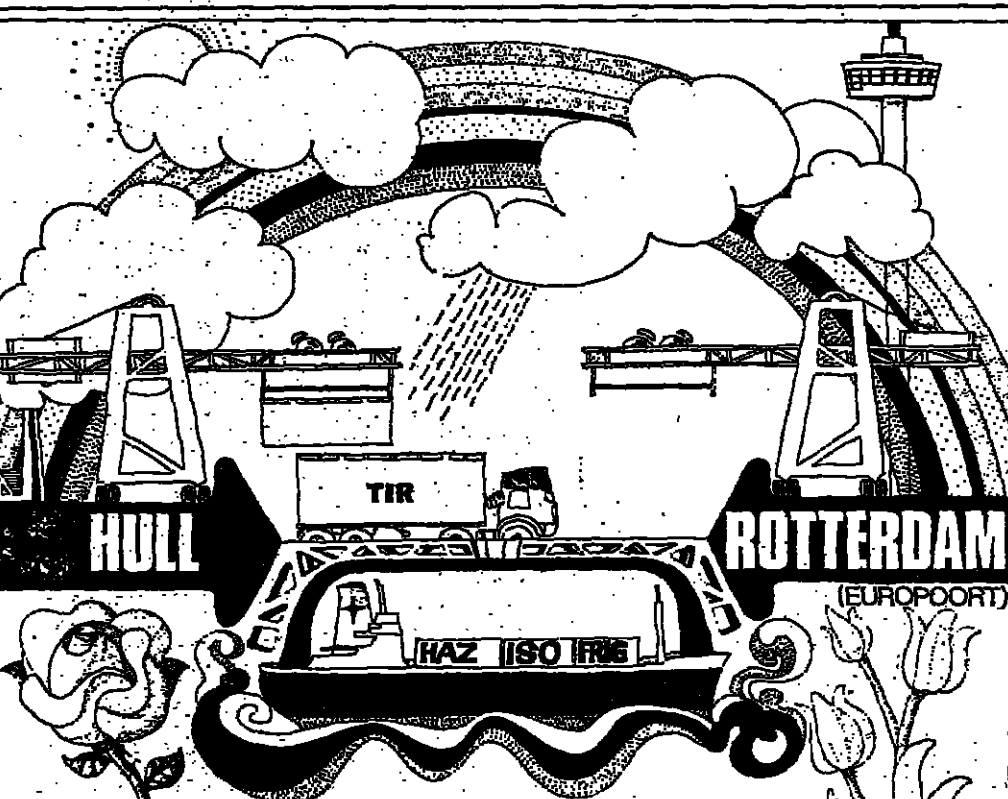
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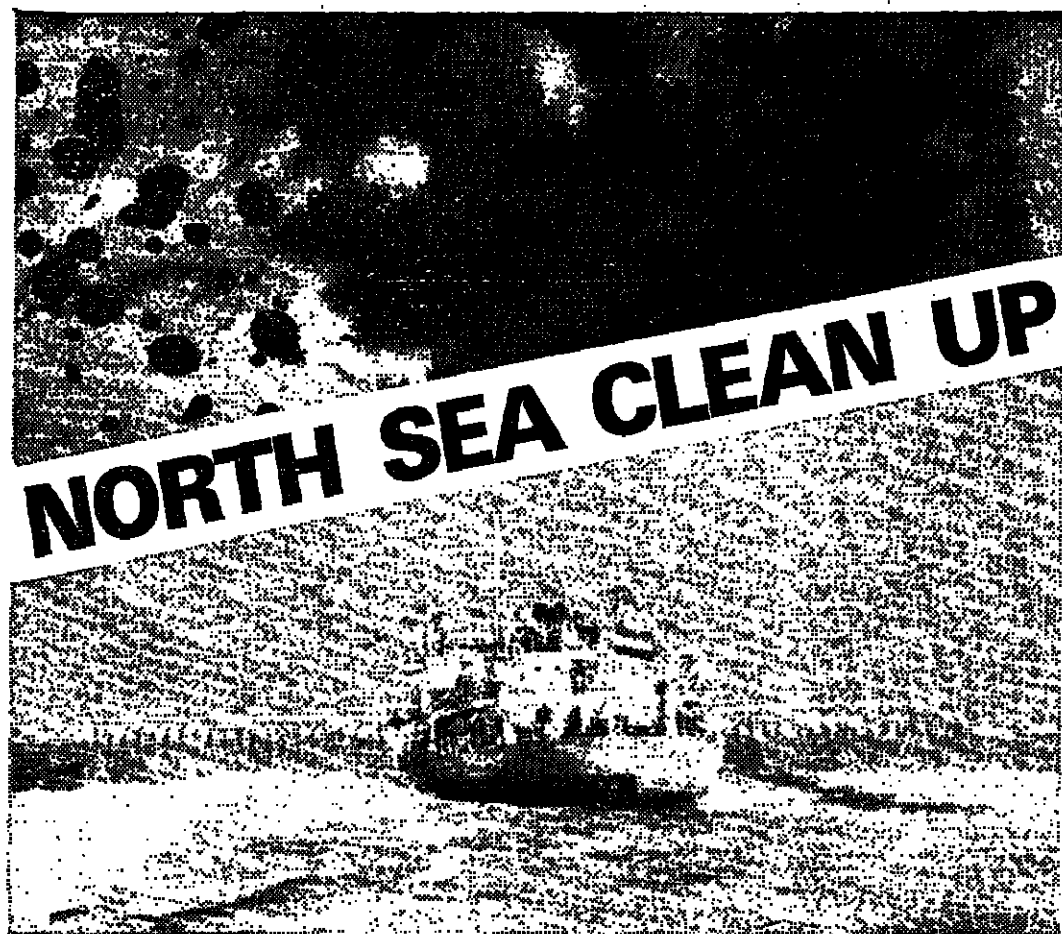
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NETHERLANDS VIII

Limited funds for technology

By TED SCHOETERS

It can be argued that the Dutch economy rests largely on the three big groups Royal Dutch Shell, Unilever, and Philips. All have an involvement in high technology ventures, but Philips in particular — because of the nature of the work in which it is engaged — finds itself committed to a continuing heavy research and development burden in practically every sector of the electronic, electrical and telecommunications activities in which it has made its name.

Often Philips management staff have made the point that the company was in no hurry to innovate and was quite prepared to wait till the "early bird" in any new technology area had made its mistakes and withdrawn from the market, or was committed to a product which left a good deal to be desired. This had enabled Philips on several occasions in the past to perfect its own work and capture a good share of a newly developing market.

This was true in the case of colour TV tubes, but whether it will ultimately prove true in the case of the most important brain-child of the electronics industry — the computer — is hard to say.

Entry fee

The company came very late into general purpose computing: in 1967 when an initial £35m. was thought to be the entry fee and had been earmarked for development and initial marketing by the Philips board of management, virtually every big company now engaged in manufacturing computing equipment was already building

or marketing its third generation machines and was reaping some benefit from the boom in equipment sales of the second half of the 1960s.

It meant that the company was coming into the industry "cold" so to speak, although it acquired the small but virile Electrologica business equipment company and made it into a most successful builder and marketer of small visible record machines. Philips also forged a close link with the manufacturer of the world's biggest machines—Control Data Corporation of the U.S. Indeed the relationship was so close that many anticipated a Philips bid for the U.S. company. But this was not to be, though it might have taken Philips on an easier path into computer technology than the one it has followed.

The company opted for its own design effort, aimed to result in machines similar enough to the International Business Machines System 360 to replace these without too much upheaval for users. Appeldoorn, the development centre, plodded dourly on, tele-scoping into months work that a number of other companies had taken as many years to carry out. Targets set were modest—initially to provide internal company computing support with small to medium-sized equipment. They were achieved and surpassed.

Now, the situation is that while the Dutch Government is not providing direct financial support to its national computer effort (unlike France, Germany, and Britain) it is imitating the Governments of

Liquor trade

—(Cont'd.)

Continued from previous page country's leading producer, and their spirit exports come second only to Bols.

The forces behind this move were changes in import regulations and off-licensing rules 30 acres in a very land-hungry country—about twice the space available at its two existing breweries at Breda and Rotterdam. In the first two years after the merger about £3m. was spent by Oranjeboom, tenance in the U.K. For mostly for the conversion of the Rotterdam brewery to increase its capacity from about 305,000 bulk barrels to 610,000 barrels. The idea was for this kind of gin. The four producers hope expenditure to be provided for that by pooling their interests out of retained profits, so any they can lower production costs decline in profitability would have an effect on rationalisation plans.

Brewers in the Netherlands have traditionally included soft drinks among their interests. What has happened so far is that Kon. Gist and Zuid-Nederper cent. of that particular market compared with only 8.5 per cent. of the spirits market.

However, Heineken has just completed complicated arrangements which could make it a much more powerful force in the spirits business. The arrangements involved four Dutch producers of alcoholic drinks — Heineken, Coebergh, Koninklijke Gist and Zuid-Nederlandse Spiritusfabriek — pooling their spirits interests in several stages. Together the four account for about a quarter of the Netherlands' spirit sales, equal to Bols, the up.

Initial period

So it is not only in the brewing industry in the Netherlands — where it is on the cards that Allied will soon have news of more changes—but also on the wines and spirits side that the pace of competition is hotting up.

During this initial period, which may take some years, both groups will keep contact in respect of marketing activities.

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This still leaves Philips and ICL on the fringe, the latter because its computer operation is too large for the comfort of potential partners and the former probably because it is an international giant which does not easily merge important operations such as its computer activity.

ICL is seeking common computing standards with CDC, old friends of Philips. ICL and Philips have been discussing the U.K. company's new computer designs. Both companies receive much less direct aid from Government than their French and German counterparts and undoubtedly could benefit from a much warmer dialogue on computer problems. But would still closer industrial linking between them help to form the nucleus of a "European" industry?

There is some doubt as to what share of the market such a European industry could command in—say—five to ten years, which is a reasonable guess at the time such a complex undertaking would require. Probably direct government intervention on a European scale might be needed to secure this share.

Meanwhile, in all high technology industries and particularly other branches of the electronics world, conditions are becoming more and more competitive. Low cost labour in Far Eastern countries is creating serious marketing problems for Philips radio equipment, telephone exchange systems and other electronic capital goods. The crucial question must be whether enough can be earned to support the computer operation until it is profitable.

In the meantime, though Japanese computers may not appear on European markets until the late-1980s there is no doubt that by then they will have penetrated deeply into Europe's export markets for such equipment.

Turning to the high technology area of nuclear power, where the Netherlands has always been particularly active, there is keen interest and support for a joint effort with Belgium and West Germany to build a demonstration plant of 250 MW(e) and prove a design for a large-scale commercial fast breeder reactor. The country's own nuclear centre at Petten can provide experienced research and development staff and so can a number of large concerns in the country who have been involved in the construction of its nuclear plants. Netherlands heavy engineering technology has been called on by the U.S. to supply 400-ton reactor vessels for U.S. water decision has brought at least one rude awakening, and closer ties for Nixdorf/AEG Telefunken in Germany and for Siemens/CI in Germany and station programme. This involved particularly difficult 1970 to 1973.

Meanwhile, national governments in Europe continue to pursue narrow national computer policies which are costing considerable amounts of money — to date perhaps £400m. has been spent or promised. The search and development staff companies on the receiving end of this bounty are understandably not showing any particular haste to move closer to each other and form at least an alliance, if not a consortium.

It is only fair to say, however, that here too the RCA decision has brought at least one rude awakening, and closer ties for Nixdorf/AEG Telefunken in Germany and for Siemens/CI in Germany and station programme. This involved particularly difficult 1970 to 1973.

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سكنا من الدول

The New York Stock Market has suffered three weeks of virtually unbroken decline. The euphoria that greeted Phase One of President Nixon's economic controls has evaporated since the announcement of Phase Two. Nicholas Colchester, in New York, assesses Wall Street's mood

The blues return to Wall Street

هنا من الفصل

SUDDEN release that has lifted the New York stock market in recent weeks has been the fashionable attitude of Wall Street from optimism to pessimism. It has brought technical analysts to the fore, and a new bear phase has been declared. The Dow Jones Industrial Average is now down from its peak of 1,108.71 in late September to 825.75, a fall of 283 points, or 25.5 per cent. The market is now in a state of confusion, and a new bear phase has been declared. The Dow Jones Industrial Average is now down from its peak of 1,108.71 in late September to 825.75, a fall of 283 points, or 25.5 per cent. The market is now in a state of confusion, and a new bear phase has been declared.

The imposition of the freeze and import surcharge, together with the promise of fiscal stimulus, created a great euphoria in the U.S. capital markets and the stock market bounded upwards, at record-breaking speeds. In late September, the Dow Jones Industrial Average reached 1,108.71, a new high for the market since 1929.

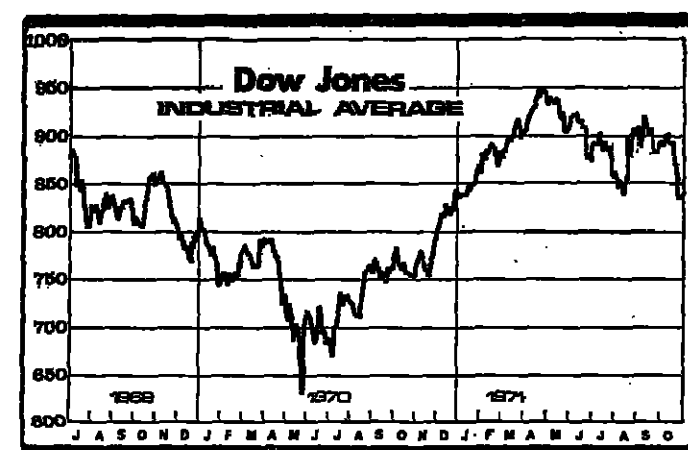
It was this sort of gloomy statistic that the market put behind it on August 15, the day that the U.S. President seemed to deal inflation a death blow. Wall Street now finds itself facing the gloom again. The Dow Jones Industrial Average fell 13.14 further yesterday to 825.75, a new 1971 low.

Paradox

That the stock market should adopt such a pessimistic viewpoint when the business outlook for 1972 is regarded as so healthy seems something of a paradox. With U.S. manufacturing industry operating at only 75 per cent of its capacity, the increase in demand, spurred on by the programme of tax reductions, should have a tonic effect on profits.

But, confused by the vague explanation of the workings of "phase two" and mistrusting its feasibility, the fund managers are taking rather a jaundiced view of the prospects for the coming year. They fear that the nation's labour leaders are not going to acquiesce to "phase two" in the same way that they co-operated during the freeze, and this leads them to expect the controls on prices to be more rigorously enforced than the control on wages. This pessimism is exacerbated by the unsettled world monetary situation and by the growing feeling that the 10 per cent im-

port surcharge imposed by the President may ultimately backfire on the U.S. multi-national companies. There is also some doubt as to the immediate effect of the investment tax credit announced by the President. Capital spending accounts for



about 20 per cent of the output of U.S. manufacturing industry, and with overcapacity what it is, the credit does not look as though it will boost the rather mediocre profits in this sector for some time to come.

In 1962, the figures were \$6,000m. of individual sales and \$2,000m. of new issues, together absorbed by \$8,000m. of institutional spending. A preliminary estimate for 1971 boosts these figures to \$11,000m. in individual sales, \$11,000m. in new issues, and \$22,000m. in institutional purchases.

Net outflow But the most fashionable cause for alarm on Wall Street at the moment is the question of the flow of funds into the stock market. This concern has

The sale of stocks by individuals has stabilised over the past two years at a rate around \$10,000m. The big growth in the supply of shares has been due to the growth in new issues. After 1965, a chronic gap developed between U.S. industry's capital spending and its cash flow from depreciation and retained profits. This forced companies to turn to the credit market. At first they financed themselves mainly through bank loans, then through longer bond issues, and finally, over the past two years, with an increasing number of shares to redress the debt equity ratios.

This type of argument has been given added weight this year by the well-publicised plight of the mutual fund industry. This has suffered net redemptions in four of the last five months, and was shown in September to have only 4.7 per cent of its assets in cash—a margin that leaves a very thin cushion of buying power.

Though there are many arguments for and against the theory that the cash supply of the insurance and pension funds should dry up in the future, there is no evidence that this is happening at the moment.

Goldman Sachs, the investment bank, has completed a study of institutional cash flow into the market that puts the troubles of the mutual fund industry very much into perspective. It points out that in the first half of this year mutual funds were responsible for only one argument of underlying encouragement, and that is that the best market rallies have always taken off from a background of general pessimism—liquidity position should not be and there is pessimism and undergrowth is tapering off and they find themselves uncomfortably

of 1970 shares represented 60 per cent of the assets of the pension funds, and just 7 per cent of the assets of the life insurance funds. Their leeway is immense. If private pension funds put all their \$9,000m. net inflow of funds in 1971 into stocks, the percentage of their total assets represented by equity would inch up from 60 to 62.5 per cent.

Spotlight

Whatever the merits of this supply and demand argument over prices—and it is hard to find any historical justification for it—the mutual fund figures have pulled it into the spotlight at the moment and it is thus having an impact on investment attitudes.

This may well be a passing phase. Mr. Howard Stein, who manages the Dreyfus Fund, thinks that the market is very sensitive to news at the moment. An international monetary settlement might give the market quite a fillip, and the troubles of the mutual fund industry very much into perspective. It points out that in the first half of this year mutual funds were responsible for only one argument of underlying encouragement, and that is that the best market rallies have always taken off from a background of general pessimism—liquidity position should not be and there is pessimism and undergrowth is tapering off and they find themselves uncomfortably

Labour News

EPTU vote against register inconclusive

by ALEX HENDRY, LABOUR REPORTER

THE 420,000 member Electrical, Electronic and Plumbing Trades Union (EPTU) has voted to support the Government's new register of accountants, but the vote was inconclusive. The union's conference at Bournemouth yesterday decided to support the register, but the vote was inconclusive. The union's conference at Bournemouth yesterday decided to support the register, but the vote was inconclusive.

king suspicion Mr. Chapple, general secretary of the EPTU, said that the union's policy was to support the register, but the vote was inconclusive. The union's conference at Bournemouth yesterday decided to support the register, but the vote was inconclusive.

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id garage d air echnical ipment.

p.a.

tion skilled ie kingdom. any, Greek n countries

500 insurance workers ban overtime

ROY ROGERS, LABOUR STAFF

2,500 members of the Association of Scientific, Technical and Administrative Staffs (ASTMS) have been banned from overtime work for a week. The ban was imposed by the union's conference at Bournemouth yesterday. The union's conference at Bournemouth yesterday decided to support the register, but the vote was inconclusive.

Company reports to specify accounting policies for key items

by KENNETH GOODING

IMPORTANT changes in the disclosures that companies make about their accounting policies will follow a new Statement of Standard Accounting Practice issued yesterday by the three Institutes of Chartered Accountants.

The Institutes say accounts should contain a clear explanation of the accounting policies followed for dealing with a number of key items—such as depreciation, stocks, and work in progress, treatment of research and development expenditure. The new standards will become generally effective at the start of 1973 but it is expected that many companies will respond to the accountants' suggestion that it should be adopted earlier.

Very welcome The changes will be widely welcomed by investors and users of financial information. For, as the accountants' statement makes clear, where more than one accounting basis is acceptable in principle, the accounting policy followed can significantly affect a company's reported results and financial position. The view presented can be

ing practice, the choice of accounting bases regarded as generally available will diminish. But it also recognises that the complexity and diversity of business renders total and rigid uniformity of bases impracticable.

Future plans For the future, the accountants are working on accounting practices during mergers and acquisitions, and are discussing the treatment of earnings per share and extraordinary items, and prior year adjustments.

It was announced yesterday that the Association of Certified Accountants and the Institute of Cost and Works Accountants will be directly associated with the three chartered accountants' institutes in the development and maintenance of accounting standards. Previously, they had been involved in a consultative capacity.

Disclosure of accounting policies, available from the Institutes of Chartered Accountants in England and Wales, Moorpark Place, London, EC2R 6EQ, price 15p plus 5p postage and packing.

BSA shareholders agree to £10m. bank loan in rescue bid

by PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

TWO famous motorcycle marques BSA and Triumph are not to disappear, Lord Shawcross, the new chairman of Birmingham Small Arms, said here today. Approval for a rescue operation for the group was given by shareholders, who agreed to Barclays Bank having a charge on the company's assets in return for a £10m. loan, and authorised an increase in borrowing powers.

However, two of the less successful models are to be eliminated soon and the company is working on ways to reduce costs and lessen its dependence on the U.S. market. As part of the rationalisation measures BSA is dismissing 3,000 of the 4,500 labour force at the Small Heath, Birmingham, plant, to allow concentration of production at Meriden.

Putting at best 3,000 and at worst more than 7,000 men and women out of work is a "shocking responsibility," Lord Shawcross commented. Mr. Lionel Jofeh, former managing director of BSA's hard-pressed motorcycle division, left in July with just over £35,000, including pensions contributions, Mr. Eric Turner, retiring chairman, stated.

Prince's plea to unions on pollution

PRINCE Charles yesterday called on trade unions to show a more responsible attitude towards pollution and conservation in Wales.

"We have not had a very great response from the trade unions. We would like them to take more constructive steps and a more responsible attitude," he said when presenting awards of the Prince of Wales' committee at Merthyr Tydfil.

"It is all too easy to expect management and employers to do it all. I think the unions might suggest to management what might be done."

Future plans For the future, the accountants are working on accounting practices during mergers and acquisitions, and are discussing the treatment of earnings per share and extraordinary items, and prior year adjustments.

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Bank raid rewards limit is raised

FINANCIAL TIMES REPORTER

THE maximum reward that will be paid by the Clearing Banks for assistance over bank raids has been raised to £2,500. Until now the limit has been £1,000.

New notices now appearing on bank counters state: The London Clearing Banks will, until further notice, pay a reward of up to £2,500 to any member of the public who gives information leading to the conviction of any person for stealing, or attempting or conspiring to steal, any of their property, maximum amount of £1,000 has been paid on 10 occasions.

or for breaking into any of their branches in the U.K. with intent to steal. The reward scheme was introduced on March 15, 1960. At that time it was limited to information about breaking into and entering bank premises. Later it was extended to cover information about over-the-counter raids up to £2,500 to any member of the public who gives information leading to the conviction of any person for stealing, or attempting or conspiring to steal, any of their property, maximum amount of £1,000 has been paid on 10 occasions.



Do you suffer from inertia?

Recent research indicates that inertia among top management is one of the primary reasons for not moving out of London. But doesn't it worry you that your London office costs you an extra £1,000 a year per employee? Doesn't it hurt—the thought of all those premium rents, rates, wages? You can of course ignore the cost and take comfort from murmuring any of the following spells. They're guaranteed to restore you to sweet inertia.

Moving offices from London would save us a small fortune but...

- ... but ours is a special case. (This one's very comforting, because every case is special.)
- ... but we are in a service industry. (Try to forget the merchant banks, insurance companies, solicitors' firms, that have moved in large part, if not in whole.)
- ... but the City, after all, is the City. (Never mind the sense, just feel the sound.)
- ... but we can't give up a prestige address. (Try to forget that you don't have to move all the staff. You could just move some, and still keep your prestige address.)
- ... but London's handy because it's so central. (Try to forget that you don't have to move all the staff. You could just move the ones who don't have to be central.)
- ... but we couldn't move all the staff, so we can't move any. (Don't worry about logic, just say it.)
- ... but key staff won't move. (Wouldn't they, wouldn't they?)

If the pain still won't go away, call LOB. LOB can help you move, and you won't feel a thing except richer. LOB

The Location of Offices Bureau, 27 Chancery Lane, London WC2A 1NS Tel: 405 2921

COMPANY NEWS + COMMENT

Nova (Jersey) to top £1m. and pay more

BARRING unforeseen circumstances, pre-tax profit of the Nova (Jersey) Knit group are expected to rise from £854,000 to not less than £1m. for the year to March 31, 1977, and on this basis the directors forecast lifting the dividend total from 35 pence to at least 42½ pence.

Meanwhile, they report a rise in the first half pre-tax balance, after minority interests, from £302,000 to £436,000, and are increasing the interim payment from 12½ pence to 15 pence. A director of the company intends to waive the interim on 950,255 shares amounting to £28,508.

Increased capacity from the South Wales factory has enabled the group to use its own production for replacing outside purchases by the merchandising operation, directors state. Results of the knitting operation in the U.S. in which Nova now has an 80 per cent. interest have been consolidated for the first time.

Demand for products continues to increase both here and abroad and is "particularly strong" from the U.S. which is supplied from this country as well as from America. In order to meet the demand the directors wish to expand further the capacity of the group and have therefore authorised an extension of £5,000 sq. ft. to the existing factory in South Wales.

In order to obtain adequate long term finance they propose in the near future to make an issue of approximately £1.6m. of convertible unsecured loan stock by way of rights to existing shareholders. Of this, £250,000 will be required for the extension to the South Wales factory and the balance will be used to provide additional plant and equipment and the necessary additional working capital. Full details will be announced shortly.

The directors propose to institute an executive share incentive scheme based on the issue of Ordinary shares in parity with the form to selected senior executives, including executive directors other than Mr. Michael Burgess and the chairman, Mr. Strasser. The number of shares which may be issued will be limited to 140,000, which is a little less than 5 per cent. of the present issued Ordinary, and the number to be allotted to any individual will not exceed 30,000.

The scheme has been submitted to the inland Revenue and will not be implemented unless the firm's satisfaction to the directors is received as to its tax consequences.

	Six months	Year
	1971	1970-1971
Turnover	3,726	2,615
Profit	500	302
Minorities	23	—
Profit before tax	476	302
Taxation	201	128
Available	275	174
Dividend	88	71

comment

There is the feeling in some quarters that demand for double jersey knit is levelling out but the latest half-time figures from Nova Knit do not provide much evidence for this assumption. With the new factory in South Wales coming on stream and the U.S. subsidiary playing a more important role, pre-tax profits have been pushed up this time by 81 per cent. Such is the volume of demand, particularly in the U.S., that Nova has already found it necessary to increase the capacity at South Wales. These extensions will be completed by Christmas and fully operational by 1972-1973. So while it may be fair to say that demand for the lower quality fabric is less buoyant than it has been of late, the upper end of the market—where Nova concentrates—is still bounding ahead. This being the case a prospective p/e of 12 at 25½p is hardly ambitious even allowing for the pending rights issue.

Statement Page 32

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Tricoville meets forecasts

Against a forecast of a turnover of £1.25m. in 1976, Tricoville reports figures of £1,262,850 and £1,252,229 for the year to July 19, 1977. They compare with £1,086,444 and £850,000 respectively for the previous year.

As indicated in the March, 1977, prospectus, the dividend is 14 pence. A total of 24 per cent. in a full year has been forecasted.

Net taxed profit came out at £72,798 (£50,270).

The company is engaged in women's fashion clothing.

comment

Tricoville seems to have overcome the market's initial suspicion of any rag trade company as its shares are now 32 pence above last March's placing price. Having met the prospectus forecast the interest in the 1970-71 results is the jump in margins of a couple of points to just under 10 per cent., and with 70 per cent. of total sales imported, the ending of the Import Deposit Scheme has been a particular help here by reducing interest charges. Further more, margins are expected to be maintained in the current year and all sides are doing better—notably the recently established sports and swimwear division. It is also hoped to increase sales in the inland Revenue and will not be implemented unless the firm's satisfaction to the directors is received as to its tax consequences.

Burgess second half setback

GROUP PROFIT, before tax, of Burgess Products Company (Holdings), acoustical and electrical engineers and manufacturers, contracted from £906,315 to £782,380 for the year to July 31, 1977, after a first-half increase from £348,000 to £394,000.

The dividend is maintained at 18 pence with a final of 12½ pence.

The accounts for 1971 indicate for the first time the trading results of two overseas subsidiaries, and the comparative figures for 1970 have been adjusted accordingly.

comment

Following the 13 per cent. rise in first half pre-tax profits Burgess

Products' full-year setback comes as an unpleasant surprise and the shares fell 10p to 85p on the news. Though comparisons are complicated by the inclusion of the two overseas subsidiaries, it appears that the U.K. was the main problem area. In particular, the silencer and filter interests have been hit by a combination of cost inflation and the Ford strike and the continued weakness of the tractor market. However, the power tool and micro-switch divisions have done better though the latter has been hampered by the downturn in capital goods demand. The expectation of continued progress here, and by the overseas companies, should be enough to prompt a p/e of 8.8—especially if the Government's measures succeed in slowing down inflation and boosting growth.

Tobenoil profit expansion

CURRENT YEAR profit in excess of the £305,549 for the year to March 31, 1977, is indicated by the directors of Tobenoil, manufacturers of specialised machinery for packaging and parcelling goods.

On a turnover up from £306,000 to £1,002,000 first half profit advanced from £110,000 to £142,000.

And chairman, Mr. T. Kenny reports that the order intake for the packaging machinery companies continues to improve.

To reduce disparity, the interim dividend is being effectively increased from 0.375p to 0.60p. The 1970-71 total was equal to 1.5p.

comment

Tobenoil has continued the pre-tax growth trend of the last two years (apart from a slight setback in 1966-67) with a first half jump of 29 per cent. on a 2 point improvement in margins. This reflects the group's concentration on costs control combined with its policy of constantly modernising the product range. Demand for packaging machinery, Tobenoil's speciality, is currently quite good and given that the second-half is usually the more profitable there seems no reason why the group should not produce annual profits of around £355,000 before tax. This puts the shares at 46p on a prospective p/e of 11.3 which may not be taking full account of the growth prospects.

Lombard Australia

Group profit, before tax, of Lombard Australia expanded to £1,632,000 for the year to September 30, 1977, compared with

£989,000 for the previous nine months—an annual rate of increase of 24 per cent.

After tax of £319,000 (£498,000) the net profit was up from £481,000 to £513,000, or a 24 per cent. rise on an annual basis.

Gross accounts receivable at September 30 last, amounted to £64.18m. (£50.99m.), up 26 per cent. After deducting provision for unearned income, £3.25m. (£3.12m.), net accounts receivable were up 25 per cent. from £44.57m. to £55.92m.

Since becoming a member of the National Westminster Bank Group the annual balance date for the company has been changed from December 31 to September 30.

Unochrome paying 1% extra

A FINAL dividend of 7½ pence by Unochrome International makes 12 pence for the year to June 30, 1977, an increase of 1 pence.

Trading profit rose from £970,150 to £1,124,142, and interest charges were reduced from £336,560 to £286,294. But after special debits of £119,254 (credit £199,062), the profit balance fell from £841,646 to £718,894.

comment

The directors state that following the closure in Chicago, Van Der Horst Corp. has been substantially better profits for the first quarter than for same period in the previous year.

The group results incorporate a trading loss for the year from Scottish Machine Tool; during the first quarter of the current year, conditions have improved and SMT is showing a small profit for that period.

comment

On the face of it, Unochrome International's pre-tax profits have fallen 144 per cent. for 1970-71 after a 9 per cent. first half increase. However, after eliminating special items from both years, gross profits from manufacturing activities have risen 30 per cent. On this basis and after full taxation earnings are up from 2p to 2.5p a share. The p/e of 9.2 at 24½p (down 2½p) may perhaps be paying too much attention to the obvious.

Edgar Pickering advance

FIRST-HALF pre-tax profits of the Edgar Pickering (Blackpool) group have advanced from £195,397 to £214,950, and present indications are for further progress in the second half with 1977 results, says chairman Mr. E. Pickering.

The interim dividend is unchanged at 30 pence—it is being waived by the chairman on his personal holding. For all the previous year to March 31, 1977, when profits amounted to £540,078, the dividend total was 65 pence.

Of £85,980 (£82,000) to the first-half balance was up from £111,397 to £128,970.

The group makes and supplies turtling machinery and finishing equipment for the carpet industry.

Statement Page 32

Aurora Gear looks for recovery

SHOULD the upturn in business activity promised by the Government be forthcoming the continually declining interest within the subsidiaries of the Aurora Gear and Engineering Company will show to "considerable advantage" says chairman, Mr. P. J. Kilman.

However, he reports that the Board is disappointed that the group has not shown greater progress during the latter half of 1976, this being due to the severe decline in business with Rolls-Royce and to generally reduced activity within the engineering industry.

Reported on October 8, pre-tax profit for the year ended June 30, 1977, was £527,751 (£811,475) after a provision of some £87,000 against combined debts due from Rolls-Royce. The dividend is held at 20 pence.

The first part of the three year capital equipment programme has been completed and planned. Phase two being implemented covers the next 12 months. This will consist of a continuation of the work to create more factory space and the installation of further modern plant. Plans to extend the heat treatment divi-



Sir Basil Smallpeice (left), chairman of Associated Container Transportation (Australia), and Mr. Jim Payne, managing director, announcing, at a Press conference in London yesterday, the consortium's plans for a round-world container service from next autumn, in conjunction with Australian National Line. (Report: Page 8).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre. Total for year	Total last year
Burgess Products	12½	Dec. 1	12½	12½
Continental Union	10.00p	Dec. 1	10.00p	10.00p
Ever Ready Trust	17.50p	Dec. 7	17.50p	17.50p
J. Hepworth	12	Dec. 15	10	15
Kramat Tin	110 cts.	Dec. 1	—	25 cts.
Le Valloir Trust	15	—	15	15
Leicester and Kesteven	15	—	15	15
Nova (Jersey)	15	Jan. 6	12½	15
Edgar Pickering	30	Dec. 23	30	30
Reed International	5	Jan. 10	5	12½
Rosehaugh Rubber	(6)	Dec. 6	15	3
Singapore Para Rubber	10	Dec. 7	15	20
Singapore Para Rubber	10	April 6	5	20
Smith and Pearson	5	—	5	11
South African Brews.	12 cts.	Dec. 17	2 cts.	6 cts.
Steel Brothers	11	Dec. 31	7	18½
Telfer	7½	—	7½	—
Tobenoil	14	Jan. 29	10.375p	15p
Tricoville	(d)14	—	14	—
Unochrome	7½	—	12	11

* Equivalent after allowing for scrip issue. † Amount per share.

(a) Tax free. (b) On capital increased by rights and/or acquisition issues. (c) To reduce disparity. (d) As forecast in March 1977 prospectus. (e) For 15 months.

son in Markyate are progressing well.

The Hills Engineering Company has entered into an arrangement with Miniature et Metallurgique de Badegange de Luxembourg and the directors hope this venture will help to obtain a greater share in the European market for Rolling Mill equipment.

At October 7, 1977, Mr. H. M. Griffiths and family were interested in 818,217 Ordinary 5p shares.

Meeting Sheffield, November 25, noon.

Steel Bros. expects no less profit

FIRST-HALF group profit, before tax and loan interest charges, of Steel Brothers Holdings, is down marginally from £590,000 to £588,000, but the directors indicate that the figure for the year 1977 will not be less than the £1,031,708 for 1976.

The first-half shortfall reflects reduced income from Pakistan and from Western Australia, where trading conditions are difficult.

Other areas are doing well, the directors state.

An unchanged interim dividend of 7½ pence is declared. The 1970 total was 18½ pence.

Half year

	1971	1970
Group profit	656,228	450,233
Stock interest	1,000	1,000
Profit before tax	657,228	451,233
Taxation	104,228	120,701
Minorities	12,721	1,564
Balance	540,279	328,968
Prof. dividends	24,002	74,328
Dividend	216,277	254,640
Retained	324,002	74,328
Forward	1,301,726	948,444

The accounts for 1971 indicate for the first time the trading results of two overseas subsidiaries, and the comparative figures for 1970 have been adjusted accordingly.

comment

Following the 13 per cent. rise in first half pre-tax profits Burgess

Continental Union Trust

Gross income of Continental Union Trust Company increased from £225,925 to £200,828 in the year to September 30, 1977. The figure for the year to March 31, 1977 was £260,060.

Half year

	1971	1970
Franchise income	227,250	185,000
Unfranchise	8,677	84,708
Underwriting comm.	350	178
Trust income	9,627	6,800
Management expenses	30,123	17,211
Depreciation	4,121	4,121
Revenue before tax	223,579	222,902
Taxation	11,320	12,343
Net revenue	212,259	210,559
Preference dividend	15,000	15,000
Available Ordinary	197,259	195,559
Interim dividend	128,000	104,000

The interim dividend is stepped

Meeting, Willenhall, November 25, at 3.30 p.m.

Scottish Met. Property

On the basis of rent recently achieved by the Scottish Metropolitan Property Company—rental income was up from £1,420,355 to £1,631,787 in the year to August 15, 1977—the chairman, Mr. I. A. Walton, considers that the figure will at least double by 1981.

He emphasises that this estimate takes no account of any future increases in rental levels over the decade and excludes the benefit of acquisitions and developments under negotiation and of any transactions which will take place within that period.

In considering future growth the directors have looked at the question of the expected rent next year or so. In this context, they say it should be remembered that, in general, properties purchased prior to 1960 will have been let on 21 year

Reed International goes ahead

AFTER showing a rise of £13m. paper, paperboard, packaging to £55m. at the end of the first quarter, profit before tax of the Reed International group for the six months to September 30, 1977, advanced by £2.7m. to £13.2m. compared with the same previous year period.

Figures for 1977 include those of Twyford Holdings, acquired with effect from April 1. Pre-tax profit attributable to Twyford for the half-year was £500,000, of which £300,000 is in respect of the second quarter.

Statement Page 30 See Lex

Hepworth tops £2½m.: 3% extra

PRE-TAX group profits showed an advance from £2,079,154 to £2,522,793 for the year to August 31, 1977, and an increase of 3½ per cent. to 15 pence in the dividend total, with a final recommendation of 12 pence, announced by John Hepworth & Son.

At half-way, profits of the group of multiple tailors were £2,522,793 to £1,144,733.

Earnings per £1 Ordinary share are shown at 3.9p (3.4p) for the second quarter and at 7.9p (6.4p) for the half-year. For all the year to March 31, 1977, earnings per share were 11.5p.

The interim dividend is maintained at 5 pence. Last year's total was 12½ pence.

Mr. S. T. Ryder is chairman of the group, which is engaged in

Meeting, Leeds, on December 15. See Lex

ISSUE NEWS

Henry Stuart (Fabrics)

Arrangements are in hand for an offer for sale next year of the shares of Henry Stuart (Fabrics) of Leicester. The offer will be made by Messrs. Singer and Friedland and application will be made for quotation on the London Stock Exchange.

HS produces double jersey knitted fabric for sale to ladies' wear clothing manufacturers.

In the year ended June 30, 1977, sales were approximately £3m. and net pre-tax profits were in excess of £200,000.

MALAKOFF RUBBER

Arbuthnot Latham and Co., announce that in respect of the Malakoff Rubber Estates rights issue acceptances have been received for 986,825 shares and that excess applications totalled 588,618 shares.

All applications for less than six excess shares per 100 shares held have been allotted in full with a minimum of 10 shares.

All other applications have been allotted in the proportion of six shares for every 100 shares held rounded off to the nearest 10 shares.

Allotment letters will be posted on Thursday.

COASTAL STATES GAS BONDS

The \$50m. First Mortgage 7½ per cent. Bonds, Series E, due 1991, an average allotment price of \$105.55 per cent. of the stock of Coastal States Gas Producing Company have now been sold. The bonds were issued through an underwriting group headed by

Quans Modern Hotels—\$470,000 Ordinary shares of 50 pence each, fully paid (all paid).

Rowntree, Mackintosh—12m. 0/10 shares of 50p each, fully paid (all paid).

Derivatives—12m. 0/10 shares of 10p each, fully paid (all paid).

Decca and London Investment Trust—8.5m. Ordinary shares of 25p each, fully paid; £125,000 5 per cent. Cumulative Preference stock.

C. and M. Power Plant Company—375,000 New Ordinary shares of 25p each, fully paid.

James Stroud (Holdings)—1,516,948 New Ordinary shares of 25p each, fully paid.

Land Securities Investment Trust—4,500 Ordinary shares of 50p each, fully paid.

Midconcrete (Holdings)—266,449 New Ordinary shares of 25p each, fully paid.

Penning Motor Group—300,000 New Ordinary shares of 10p each, fully paid (all paid).

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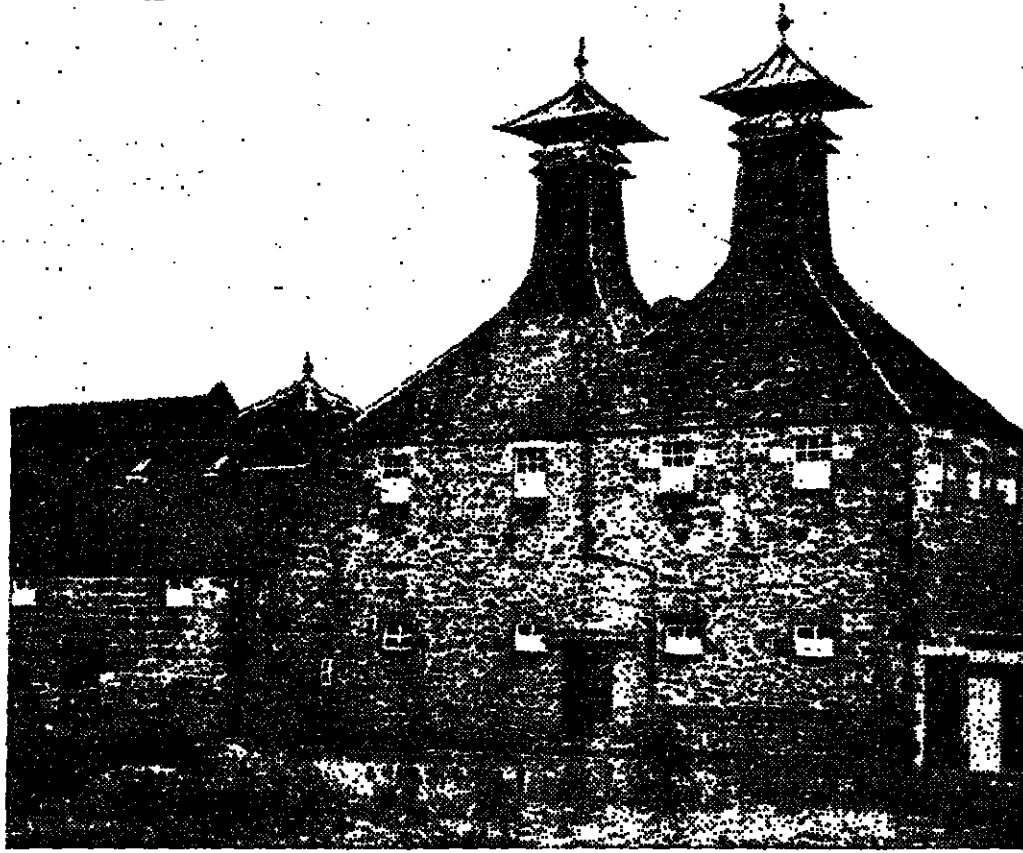
Rowntree, Mackintosh—12m. 0/10 shares of 50p each, fully paid (all paid).

Derivatives—12m. 0/10 shares

هكذا من الأصل

A business is as good as its management'

- part of IDV's philosophy



IDV'S UK DISTILLERIES. Scotch Whisky, Gin and Vodka are distilled in this country. The Group has recently opened an extensive Scotch Whisky maturing and blending complex at Blythswood, near Glasgow and operates three malt whisky distilleries in Scotland, producing over 1 million gallons a year.

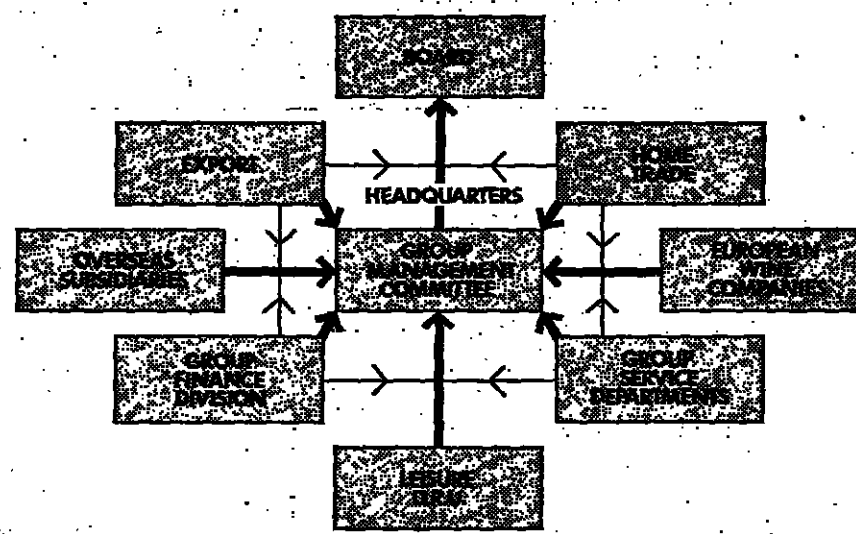


GRAPE PICKERS IN THE DOURO PORTUGAL. Gathering grapes for the well-known range of Croft and Delaforce ports.

"Profits (before tax and gross minority interests) were a satisfactory £7,636,000, as against £7,564,000 last year. Although profits showed only a small improvement, sales were at an all-time record of £118,284,000, an increase of 11% on last year.

Since the Group was formed, we have been re-organising all sectors—people, business disciplines and bricks and mortar. We are now well equipped to meet the challenges of this decade. Benefits at home, springing from the steps we have started to take, for the total re-organisation of our Home Trade, are beginning to be felt and the improvement can now be seen to be steadily progressive, aided by the recent increase in wine consumption within the home market. Rising costs and wage increases have marginally slowed down. As matters stand, 1972 profits are expected to be somewhat better than last year. 1973 should start to show a more positive move forward, followed by still better years ahead."

Cecil Berens, Chairman



IDV'S MANAGEMENT STRUCTURE. This outline chart shows the Group's updated structure. It depicts the key operating areas and shows their positions within the Group.

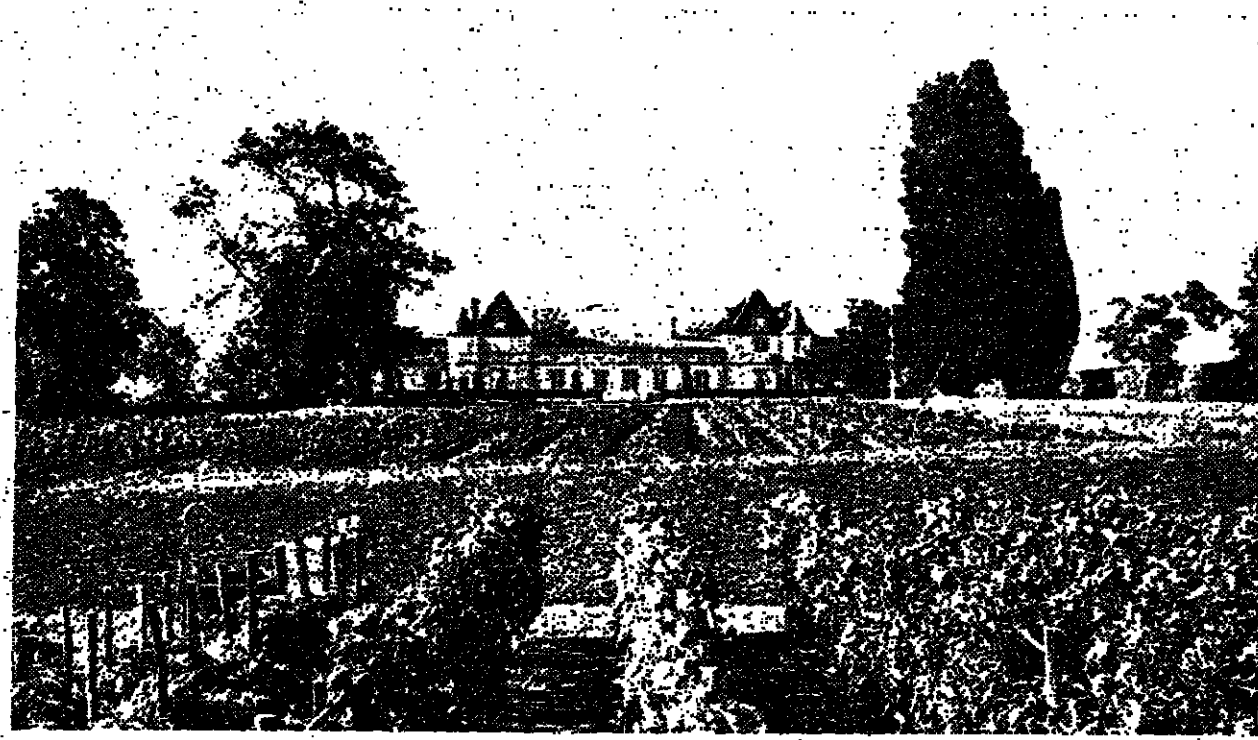
"Every company develops its own management style. Our own management philosophy is now strongly founded upon setting clear objectives and measuring their attainment at stated intervals. We believe in delegating responsibility to the fullest degree. We make sure each man has a clear understanding of the next man's job, which encourages teamwork and counters departmental empire building. We believe we have first-class technicians in all the right places, in the various skills of husbanding our vineyards, running our still-houses, bottling, packaging, marketing and financing our products.

In the ultimate, businesses are people, and businesses are thus, more often than not, as good as their managements. Thus we try at all times to encourage all companies within IDV to find (and keep) the best in their respective fields."

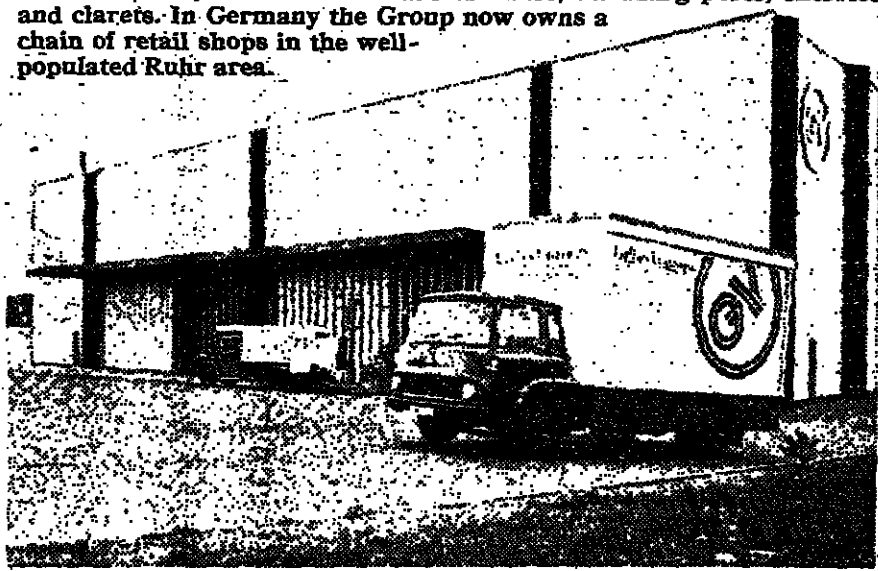
Jasper Grinling, Managing Director



IDV BRANDS EXPORTED TO WORLD MARKETS. IDV Export Ltd. was formed this year. Its five operating companies are engaged in the export development of J & B 'Rare' Scotch Whisky, Gilbey's Gin, Smirnoff Vodka, Spey Royal Scotch Whisky and Catto's Scotch Whisky, as well as several other brands.

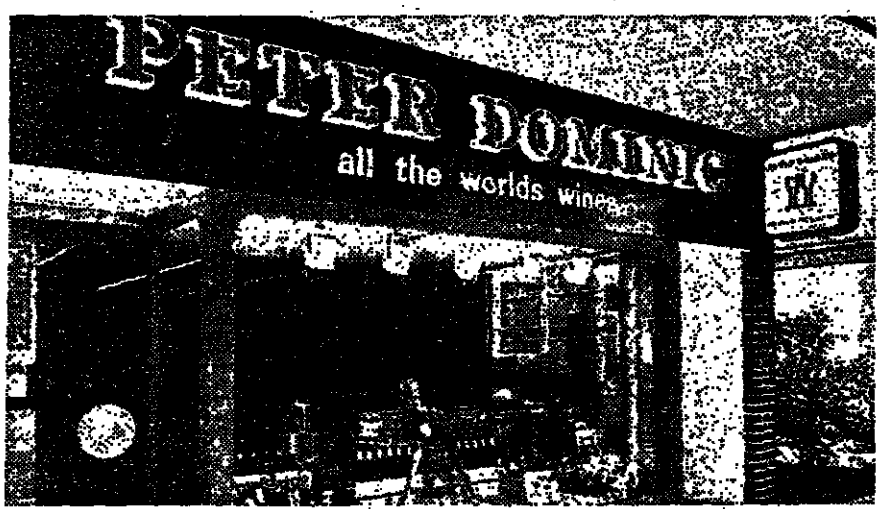


CHATEAU LOUDENNE, BORDEAUX. IDV's operations on the Continent of Europe are located in France, Spain and Portugal, where their companies are actively attacking world markets, to reinforce sales of their various international brands of wines, including ports, sherries and clarets. In Germany the Group now owns a chain of retail shops in the well-populated Ruhr area.

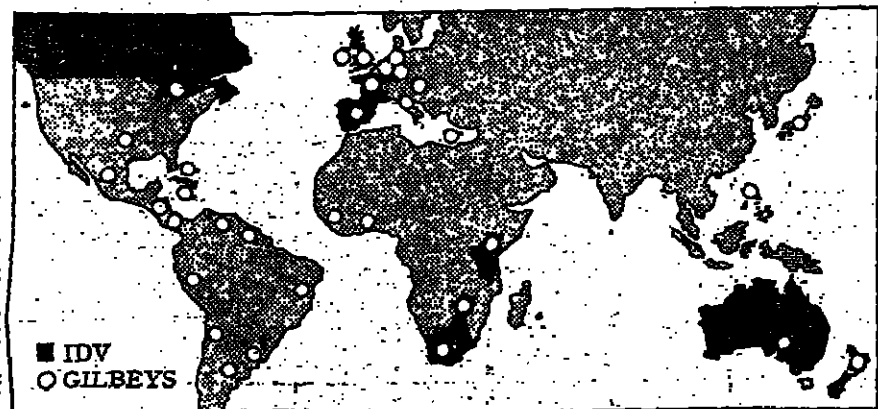


NEW DEPOT AT NORWICH. Plans are set for Gilbey Vintners' management and marketing to move to Harlow, where production is being centralised and a central distribution depot established. To complete the regional distribution, a network of 12 strategically placed regional depots are under construction, to replace the present 53 distribution points.

TRAINING IN PROGRESS. The Group believes strongly in training at each and every staff level. All UK staff, and many trade customers, are trained at the new product school in London.



A PETER DOMINIC SHOP. Peter Dominic, the national retail arm of IDV's Home Trade Company, has 325 shops and last year's turnover totalled more than £22,000,000. The chain trades mainly as Peter Dominic, with other branches operating as Fosters, Hunter & Oliver and Camerons in Scotland.



IDV'S WORLDWIDE ACTIVITIES. The Group's subsidiary and associated companies, together with the distilleries operating on behalf of Gilbey's Gin, are very widespread.



INTERNATIONAL DISTILLERS AND VINTNERS LIMITED

1 York Gate, Regents Park, London NW1 4PU Tel: 01-935-4446
Copies of the Annual Report and Accounts can be obtained from the Company Secretary
The Annual General Meeting will be held at The Churchill, London on November 25th, 1971 at 12 noon.

APERITIF: LILLET CHAMPAGNE. HEIDSIECK DRY MONOPOLE TABLE WINES. CARAFINO. CHATEAU LOUDENNE. DOGURA. JUSTINA. LA TOUR PAVILLON. LA VISTA. LE PIAT DE BEAUJOLAIS PORTS. GILBEY'S TRIPLE CROWN. CROFT PARTICULAR. DELAFORCE HIS EMINENCE'S CHOICE SHERRIES. CROFT ORIGINAL. GILBEY VINTNERS' SHERRIES SOUTH AFRICAN SHERRIES. GAFE HOUSE GIN. GILBEY'S GIN VODKA. SMIRNOFF WHISKIES. J & B RARE. SPEY ROYAL. CATTO'S SCOTTISH HIGHLAND. QUEEN ANNE. OLD GRAND-DAD BOURBON BRANDY. HENNESSY BRAS ARME, VSOP, XO AND EXTRA LIQUEURS. BOLS MINERAL WATER. FERBIER.

MINING NEWS

Poseidon keeps its powder dry

BY KENNETH MARSTON

THE LATEST quarterly report from Poseidon can best be described as a progress report in the sense that it records only the further steps taken towards the exploitation of the Mount Windarra nickel deposit in Western Australia under the new partnership of America's Union Oil, Bannan and Homestake companies who have made what is believed to be a similar find to the south.

It contains no new outstanding drill results, or reserves or details of financing and production plans and if Poseidon is reaching the stage when such "sensational" news is ripening, it may be that the fruits will be saved for the meeting which should be due next month. One of these could be the official disclosure that the company has repaid its \$10.5m. (£4.0m.) loan from Anglo American Corporation.

No water problem

The latest report is still important. It tells us, for example, that in this arid area efficient water has been indicated to supply both the township and the mine plant, thus avoiding the problems and expense of piping supplies from far distant sources. Then, too, metallurgical test work has shown that a minimum recovery of 85 per cent. can be obtained at a concentrate grade of 11.5 per cent. nickel from ore below the 200 feet level.

Nothing some of the recent vague rumours, Poseidon states that recent drilling has confirmed the previous estimates of indicated ore reserves and tonnage. It has also found out, but worthwhile, copper values ranging up to 0.32 per cent. in the nickel ore at the Windarra Well section of the property.

And the overall picture is continuing to grow while nickel marketing discussions continue. Pending the exploitation of its nickel resources, Poseidon is growing income from the Young Burras copper mine in South Australia. Only 60 per cent. of the ore mined is being treated by the chemical section of the plant, the rest being stockpiled for use in a new heating section is available. Poseidon makes solid progress, but in the absence of sensation the shares fell 40p to 860p yesterday.

SILVER VALLEY COAL DEAL

Agreement in principle has now been reached between Silver Valley Minerals and the Hanwright iron-ore group on a joint venture to develop the former's Mawson coalfield and loading facility in New South Wales.

A holding company, to be 60 per cent. owned by Hanwright and 40 per cent. by Silver Valley, will have the right to mine all underground coal either owned by or applied for on behalf of Silver Valley which will retain the rights on the Nimby freehold area.

Silver Valley will be paid 5 cents (2.3p) per ton royalty on all coal and gravel mined and

sold on the freehold areas. Hanwright will purchase about 530,000 Silver Valley shares at 80 cents (37.3p) per share and Silver Valley will be given the right to acquire 50,000 shares of Hanwright Minerals when the flotation of the latter is made. Silver Valley were 12p yesterday.

Fall in Inco's earnings

HARD on the heels of the week-end news that it is cutting nickel production by a further 15 per cent. following the 7 per cent. reduction announced in August, Canada's International Nickel reports that September quarter earnings have dropped to \$22.7m. (£2.4m.) compared with \$38.2m. in the same period of last year. The total for the past nine months is thus brought to \$284.4m. (£32.4m.) compared with \$382.2m. in the same period of last year. The quarterly dividend of 25 cents makes a total for 1971 of \$1.30 compared with last year's \$1.40. It is pointed out that earnings have been helped by non-recurring tax refunds amounting to \$6.7m. and the recently announced 7 per cent. reduction in Canada's corporate income tax. Otherwise, the company has continued to feel the effects of the fall in nickel sales combined with lower copper prices and higher production costs.

But the chairman, Mr. Henry S. Winzate says that "in recent weeks, orders for rolling mill products, and a lesser degree for primary nickel have increased slightly in some markets, and there are indications that the level of the company's sales may have touched bottom in the third quarter." Prior to the latest third quarter results, Inco were down at £121 in London yesterday.

F. DAGGAFONTEIN

Normal production is expected to be resumed by November 8 at the Anglo-American Corporation group's East Daggafontein gold mine following a shaft accident on October 22 when a ship lift carrying a 20-ton shaft liner fell into the mine. Provided there are no further setbacks the mine expects to meet its grade and tonnage targets by the end of the year.

MINING BRIEFS

MOUNT NEWMAN—Iron ore mining at Mount Newman, 200 miles north of Perth, has been halted again. The Newmont work has been on strike and the Port Hedland workers have been on strike. ANGLO-AMERICAN CORPORATION—Anglo-American Corporation's East Daggafontein gold mine following a shaft accident on October 22 when a ship lift carrying a 20-ton shaft liner fell into the mine. Provided there are no further setbacks the mine expects to meet its grade and tonnage targets by the end of the year.

Silver Valley will be paid 5 cents (2.3p) per ton royalty on all coal and gravel mined and

£97.5m. claim for teachers proposed

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A £97.5m. pay claim next year for more than 330,000 schoolteachers in England and Wales was proposed yesterday by the 33,000-strong Assistant Masters' Association.

The proposal, for increases averaging 15 per cent., caps the claim recommended by the 262,000-strong National Union of Teachers by about £8m. However, the difference between the claims involve more than total sums.

The 13.7 per cent. average claim recommended by the executive of the NUT, the largest teachers' union, consists of a flat rise of £250 for all schoolteachers. Proportionately, however, the young teachers who form a large part of the NUT's membership would do better out of the claim than would longer-serving staff.

The flat-rate claim would thus erode the new differential pay scales for older teachers who have reached positions of higher responsibility. The differential scales were adopted after arbitration this year, against the fierce opposition of the NUT.

Yesterday's proposal by the Assistant Masters' Association, on the other hand, would reinforce the differentials in favour of the senior teachers who make up the bulk of AMA members.

Teachers at the starting point of the bottom scale—now £1,055—would receive a rise of only £145, or 13.7 per cent., under the AMA scheme, compared with the £250 per cent. which the NUT's flat-rate recommendation would give them.

The five main differential scales proposed by the AMA are £1,200-£2,400 (including long-service increment); £1,370-£2,540; £1,670-£2,870; £2,120-£3,120; and £2,540-£3,500. In the first three, extra pay for graduates with good honours degrees would increase the maximums to £2,580, £2,720, and £2,870 respectively.

The two sets of pay proposals are to be discussed at special conferences of the respective unions. However, the battling over which set is to form the basis for the schoolteachers' official claim in 1972 will not start until the unions' panels of the Burnham pay-negotiating committee meets later this month.

Expected to increase by 55-60 per cent. The inquiry is expected to last several weeks.

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STELLENBOSCH WINE TRUST LIMITED

DIRECTORS' INTERIM STATEMENT FOR THE HALF-YEAR ENDED 30TH SEPTEMBER, 1971

The unaudited profits for the six months ended 30th September, 1971, compared with the half-year ended 30th September, 1970, and the year ended 31st March, 1971, are as follows:

	Six months ended 30.9.71	Six months ended 30.9.70	Year ended 31.3.71
Profit after taxation:	R000's 3,647	R000's 3,260	R000's 6,598
Attributable to outside shareholders in subsidiaries:	15	21	43
Deduct:			
Preference dividend:	3,632	3,239	6,595
	230	173	413
Deduct:			
Pre-acquisition profits of Sedgewick Taylor Limited:	3,402	3,066	6,442
Attributable to Ordinary Shareholders:	3,402	2,366	5,642
Earnings per Ordinary Share: (Refer Note)	16.6c	11.0c	27.5c

NOTE: The profits attributable to ordinary shareholders on a comparative basis (incorporating pre-acquisition profits of Sedgewick Taylor Limited for the five months prior to the merger on 1st September, 1970) for the six months ended 30th September have increased from R3,066,000 (14.9 cents per share) in 1970 to R3,402,000 (16.6 cents per share) in 1971.

COMMENT: The profits attributable to ordinary shareholders which became effective on 1st April, 1971, and which seriously affected spirit sales, the Company's total sales have grown although at a rate lower than that previously experienced. As expected, cost inflation continued to have an adverse effect on operating expenditure and offset the benefits of rationalising the Company's business with that of Sedgewick Taylor Limited. As a result there has been a decline in the rate of profit growth during the period under review.

In the present economic climate there is a greater degree of uncertainty about short-term growth than was the case six months ago. However, the larger resources of the Company consequent upon its merger with Sedgewick Taylor Limited (which has now been completed) are being applied to ensure that the long-term growth of the Company will continue.

In the light of the results for the period under review and the short-term expectations, it is expected that profits during the remaining six months of this financial year will be greater than those of the comparable period of the previous financial year. Therefore your Directors are confident that the forecast that a dividend of at least 20 cents per share would be payable in respect of profits for the current financial year is still valid.

DECLARATION OF INTERIM DIVIDENDS: NOTICE IS HEREBY GIVEN THAT the following dividends have been declared payable on or about the 13th December, 1971, to shareholders registered in the books of the Company at the close of business on the 19th November, 1971.

(1) ORDINARY SHARES: Interim dividend for the year ending 31st March, 1972, of 6 cents per share (last year's interim dividend 8 cents per share).

(2) 6 1/2% CUMULATIVE PREFERENCE SHARES: A dividend of 3 1/4% (3.25 cents per share) for the six months ended 30th September, 1971.

(3) 7 1/2% CUMULATIVE REDEEMABLE PREFERENCE SHARES: A dividend of 3 1/4% (3.75 cents per share) for the six months ended 30th September, 1971.

The foregoing dividends are declared in the currency of the Republic of South Africa. Warrants in payment will be posted on or about the 13th December, 1971, to members at their registered addresses or in accordance with their written instructions.

Warrants in payment of the Preference dividends will be despatched from the Office of the Transfer Secretaries, Johannesburg.

Warrants in payment of the Ordinary dividend will be despatched from the Office of the Transfer Secretaries, Johannesburg, to all payees except those with addresses in Europe, the United States of America and Canada to whom payment will be made from the London Share Transfer Office.

Any instructions which will necessitate an alteration in the Office from which payment is to be made must be received by the Company on or before 19th November, 1971, but shareholders are reminded that any request for a change in the Office of payment from within to outside the Republic requires the approval of the South African Exchange Control Authorities.

Payments from the London Share Transfer Office will be made in United Kingdom currency calculated by reference to the rate of exchange ruling on the 6th December, 1971, or at a rate not materially different therefrom.

South African Non-Resident Shareholders' Tax and United Kingdom Income Tax will be deducted from the dividends where applicable.

The Transfer Books and Register of Members in respect of the Ordinary and Preference Shares will be closed from 20th November to 29th November, 1971, both dates inclusive.

BY ORDER OF THE BOARD, Oude Libertas, STELLENBOSCH, 10/11, Austin Friars, LONDON, EC2N 2EY.

W. R. STERRY, Secretary.

29th October, 1971

NOVA (JERSEY) KNIT LIMITED

Interim Statement

The unaudited results of the Group for the six months ended 30th September, 1971 are as follows:

	6 months ended 30.9.71	6 months ended 30.9.70	Year ended 31.3.71
Turnover	£'000 3,726	£'000 2,616	£'000 6,100
Group Profit	509	302	684
Less minority interest	28	302	684
Profit before Taxation	481	302	684
Less taxation	201	136	256
Available for distribution	280	174	428
Dividend (see below)	88	71	197
Issued share capital (in shares of 20p each)	585	584	584

The increased capacity from our South Wales factory has enabled us to use our own production for replacing outside purchases by our merchandising operation.

The results of our knitting operation in the United States in which we now have an 80% interest have been consolidated for the first time.

The Directors have declared an interim dividend of 15% in respect of the year ending 31st March, 1972 to be paid on 6th January, 1972 to shareholders on the register on 29th November, 1971. This compares with an interim dividend of 12 1/2% paid last year.

A Director has informed the company that he intends to waive the interim dividend on 950,256 shares amounting to £28,508.

Your Directors anticipate that in the absence of unforeseen circumstances the profits before taxation of the Group for the year ending 31st March, 1972 will amount to not less than £1,000,000 and on this basis they expect to be able to recommend to shareholders total dividends in respect of the year ending 31st March, 1972 of not less than 4 1/2% (compared with 3 1/2% last year).

The demand for our products continues to increase both here and abroad and is particularly strong from the United States which is supplied from this country as well as from America. In order to meet the increased demand your Directors wish to expand further the capacity of the Group and have therefore authorised an extension of 36,000 sq. ft. to the existing factory in South Wales.

In order to obtain adequate long term finance it is proposed in the near future to make an issue of approximately £1,000,000 of convertible unsecured loan stock by way of rights to existing shareholders. Of this amount £250,000 will be required for the extension to the South Wales factory and the balance will be used to provide additional plant and equipment and the necessary additional working capital. Full details will be announced shortly.

THE SOUTH AFRICAN BREWERIES LIMITED

DIRECTORS' INTERIM STATEMENT FOR THE HALF-YEAR ENDED 30TH SEPTEMBER, 1971

The unaudited profits for the half-year ended 30th September, 1971, compared with the half-year ended 30th September, 1970, and the year ended 31st March, 1971, are as follows:

	1971 Half-Year	1970 Half-Year	1970/1971 Year
Profits after tax attributable to The South African Breweries Limited:	R6,186,000	R4,982,000	R14,154,000
Less:			
Preference Dividends 6.2% Preference	62,000	59,000	121,000
6% Preference of The South African Breweries, Limited (Incorporated in England)	62,000	43,000	105,000
Balance available to Ordinary Shareholders	R6,124,000	R4,883,000	R14,033,000
Ordinary Shares in Issue	139,112,798	139,112,798	139,112,798
Earnings per Ordinary Share	4.4 cents	3.5 cents	10.1 cents

RESERVES: During the period under review reserves increased by approximately R1,180,000, mainly comprising net surpluses arising on the disposal of fixed assets, including the remaining portion of the Company's investment in Triomf Fertilizer and Chemical Industries Limited and two-thirds of the Company's investment in Brambridge (Proprietary) Limited.

DIVIDENDS: Interim dividends payable on or about 17th December, 1971, have been declared as follows:

Ordinary — 2 cents per share, absorbing R2,782,000 (1970: 2 cents, absorbing R2,782,000)

Preference — 6.2 cents per R2 share, absorbing R62,000 (1970: 5.988 pence (United Kingdom currency) per £1 Unit of Preference Stock of The South African Breweries, Limited (Incorporated in England) for the period 1st April to 25th May, 1970, absorbing R16,000, and 4.3485 cents per R2 share of this company for the period 26th May to 30th September, 1970, absorbing R43,000).

COMMENT: Beer industry sales in South Africa during the six months ended 30th September, 1971, were slightly below those during the comparable period of the previous year. However, the extension of the Group's interests in the former Whitbread production facilities and the acquisition of the right to market Whitbread products resulted in an increase in sales and profits of the Group's Beer division in South Africa.

Results in most other sections of the Group's business showed improvements during the period under review. Overall results were favourably affected by the receipt of the last dividend on the Group's investment in Triomf Fertilizer and Chemical Industries Limited, which was disposed of at the beginning of the period. Adversely affecting the results were a lower dividend receivable from Barclays Bank, Limited, and lower interest receipts on short term deposits, partly as a result of an increase in working capital. In this connection attention is drawn to the fact that normally the liquor industry is required to finance the excise duty on its products and, therefore, is required to increase its working capital every time excise duties are raised. Following the increases in the rates of excise duty on spirits and beer in March 1971 the wine and spirit industry was administratively granted an additional period of approximately 50 days credit for the payment not only of the additional amount but also of all excise duties. Despite your Company applying for a lesser concession in respect of the payment of duty on beer and notwithstanding the fact that the circumstances attendant upon the payment of duty on wine and spirits are, for all practical purposes, similar to those pertaining to beer, the authorities have not yet seen fit to accede to our application. The effect of being denied this concession so far has increased your Group's working capital.

Your Directors deem it their duty to record their strong protest against this action on the part of the Government whereby one section of the liquor industry is afforded a financial advantage over another by means of an arbitrary administrative decision.

Profits earned during the first half of the year are not directly proportionate to those of the full financial year because of the seasonal aspects of the Group's activities and receipt of dividend income.

In the light of the prevailing economic climate, it is difficult to predict earnings for the six months ending 31st March, 1972, with any certainty. The indications are however that there will be little or no growth in earnings during this period and that on this basis earnings for the full year would be about 10% above that for the preceding twelve months.

By Order of the Board, T. A. TROMP, Secretary.

2, Jan Smuts Avenue, JOHANNESBURG, 10/11, Austin Friars, LONDON, EC2N 2EY.

1st November 1971.

THE SOUTH AFRICAN BREWERIES LIMITED

(Incorporated in the Republic of South Africa)

NOTICE IS HEREBY GIVEN THAT at a Meeting of the Board held on 1st November, 1971, the following dividends were declared payable on or about 17th December, 1971, to shareholders registered at the close of business on 19th November, 1971:

1. ORDINARY SHARES OF 20 CENTS EACH: An interim dividend on account of the year ending 31st March, 1972, of 2 cents per Ordinary Share (last year's interim dividend 2 cents per share).

2. 6 1/2% CUMULATIVE PREFERENCE SHARES OF R2 EACH: An interim dividend on account of the year ending 31st March, 1972, calculated at the rate of 3 1/4% per annum for the six months ended 30th September, 1971, amounting to 3 1/4 cents per share of R2.

The foregoing dividends are declared in the currency of the Republic of South Africa. Warrants in payment will be posted on or about 17th December, 1971, to members at their registered addresses or in accordance with their written instructions and will be despatched from the office of the Transfer Secretaries in Johannesburg to all payees except those with addresses in Europe, the United States of America and Canada to whom payment will be made from the office of the London Share Transfer Office (Barclays Bank, Limited, 10/11, Austin Friars, London EC2N 2EY).

Any instructions which will necessitate an alteration in the office from which payment is to be made must be received on or before 19th November, 1971, provided that any request for a change in the office of payment from within to outside the Republic requires the approval of the South African Exchange Control Authorities.

Payments from the office of the London Share Transfer Office will be made in United Kingdom currency calculated by reference to the rate of exchange ruling on 13th December, 1971, or at a rate not materially different therefrom.

South African Non-Resident Shareholders' Tax at the rate of 12.25% and United Kingdom Income Tax will be deducted from the dividends where applicable.

The Transfer Books and Registers of Members in respect of the Ordinary Shares and Preference Shares will be closed from 20th November to 29th November, 1971, both dates inclusive.

BY ORDER OF THE BOARD, T. A. TROMP, Secretary.

2, Jan Smuts Avenue, JOHANNESBURG, 10/11, Austin Friars, LONDON, EC2N 2EY.

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BY ORDER OF THE BOARD, T. A. TROMP, Secretary.

2, Jan Smuts Avenue, JOHANNESBURG, 10/11, Austin Friars, LONDON, EC2N 2EY.

1st November 1971.

UNIT TRUSTS

BRITANNIA COMMODITY PLUS

The merger of Castle Commodity Plus Units into Britannia Basic Commodities Fund to form Britannia Commodity Plus Units became effective on September 21 and the first distribution payments to unitholders since the merger are being made on November 1, 1971.

For former Britannia Basic Commodities unitholders, the distribution is 98.58p gross per 100 units (60.57p net), for a four month accumulation period and for former Castle Commodity Plus unitholders, the distribution is 153.31p gross per 100 units (93.00p net).

CUBIC

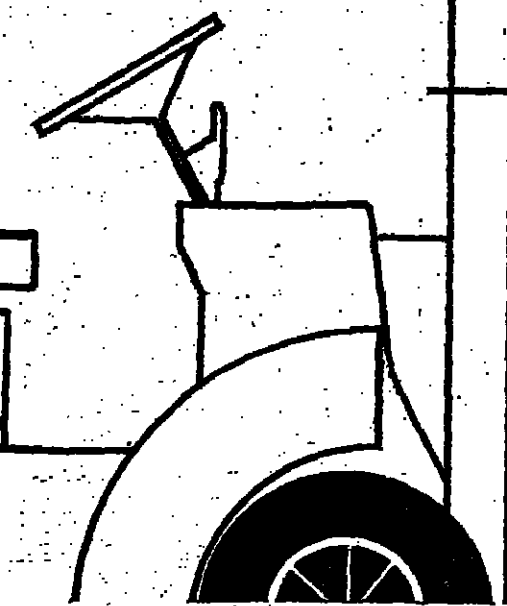
Unitholders Provident Assurance is introducing a new single premium investment plan called the CUBIC Plan to-morrow. Depending on the age of the investor and the term of the investment, which can be for any period of 5 to 15 years, the guaranteed plan provides a net annual yield of between 7 per cent. and 16 per cent. per annum, payable half-yearly, after income tax has been deducted at the standard rate. A guaranteed amount equal to the original capital invested is returned at the end of the investment term or upon death if earlier.

AFRICAN BREWERY LIMITED

STATEMENT FOR THE YEAR ENDED 31st SEPTEMBER, 1971

	1971	1970
Half-Year	Half-Year	Half-Year
Revenue	£5,155,000	£4,850,000
Profit	£2,000,000	£1,800,000
Dividend	£1,000,000	£1,000,000
Reserves	£1,000,000	£1,000,000

Financial Times Survey



FORK LIFT TRUCK HIRE

Business is now well established

by PETER CARTWRIGHT, Midlands Correspondent

A year that started with a comfortable backlog of orders had at the beginning of the year begun to melt away in April and May and had disappeared by mid-summer. The weakness in demand would not have been confined to the home market, but this has been one of those exceptional periods when it has been accompanied by a like weakness in world markets. There has been little or no opportunity, therefore, for switching production to overseas markets. With export business accounting for about 30 per cent of turnover across the industry, the dual impact has been correspondingly severe.

No real surge in activity is foreseen before the spring and a fuller recovery may not show itself until the third quarter. The industry tends to follow the general cyclical pattern of the machine tool industry at a distance of about six months in a recession, but precedes machine tools when an upturn begins.

Until the recession has run its course it will not, of course, be possible to measure its impact on the industry statistically. That sales across almost the whole range of equipment have plummeted to something like half is clear evidence of the depths to which it has gone. However, the overall picture may be better appreciated if the current level of activity is set against the background of a strongly expanding industry. Briefly, the range of equipment

spans small hand-operated stack trucks, reach and fork trucks right across to 50-ton capacity side-loaders costing up to £60,000 for the steel and prestressed concrete industries. Something like three-quarters of the market is covered by fork and reach trucks in the 4,000-8,000 lbs capacity ranges. Almost 90 per cent of output emerges from the factories of 16 manufacturers, although smaller and specialist manufacturers bring the total engaged in the industry to more than 40.

Expansion rate

They live in a fiercely competitive climate in which aggressive and telling marketing can make significant differences to how individual companies are faring. To competition between domestic companies has been added in recent years that from American-based companies which have become established here, or bought existing businesses. From the statement already made that 16 companies contribute nearly 90 per cent of total output it will be seen that individual output of the 40 or more concerned in the industry varies widely. That so many have survived is again a commentary on the general rate of expansion.

In 1958 only 6,000 fork trucks came on to the U.K. market. Despite the setbacks of 1962 and 1967 this figure had quadrupled

smaller African market, two in five. In all 100 or more markets are served from the U.K.

Now, with survival margins a good deal narrower than even in 1967, the industry may emerge from this temporary phase of sizeable surplus capacity and a hectic fight for many fewer orders rather slimmer in numbers. But those who have the better prospects of coming through in good shape can look forward to a U.K. market that analysts believe will not reach saturation, or replacement only point for another 15 years or more.

Some slumping down of the industry may well happen for other reasons. In recent years there has been a strong trend to hiring and leasing, activities in which the major companies are involved on their own accounts, and which smaller units generally find more difficult to support. Just how big a development this has been may be appreciated from estimates that the total hire field represents nearly 15 per cent of the market, with around a dozen big specialist companies among the 70 or so total of manufacturers and smaller specialists engaged in it.

In many instances growth has been dynamic. One large specialist plant hire company has in eight years gone from zero to a fleet of more than 1,000 machines, worth about £3m. In 1969 some 150 trucks, worth around £400,000, were added. Last year the addition was 450 trucks, worth £1.25m. Profitability figures for this kind of operation are not easy to come by, but looking at pre-tax profits as a percentage of gross book values they appear to range between 9 per cent and 15 per cent. It is not just coincidence that the most significant growth period in manufacturing covers the period when hiring and leasing have been expanding fast. There are obvious advantages, particularly during a period of tight credit, in renting or leasing, particularly if regular expert maintenance is stipulated. It is these forms of acquiring what

have become indispensable workhorses are certain to go on expanding since their costs are becoming ever more competitive, and no better alternative exists for doing some jobs.

At any rate, the number of manufacturers who are concentrating in this field, largely through separate organisations, is rising. Significantly, too, the fall in demand has hit the hire specialists much less severely than those selling outright. While business tended to level off early in the year, it appears to have remained a good deal firmer for hiring and leasing, while manufacturers are just beginning to note improvements in the market and the specialists report distinct signs of a broader-based recovery.

There are, of course, various terms available from plant hirers. Most of them operate casual hire services from the day to up to a year, then switching to contract hire for terms of one to four years, supplemented by leasing with an option to purchase.

Increased emphasis

In the absence of statistics covering plant and equipment hire business the share it commands of the total market can only be an estimate. But it is obviously well established in the U.K. and growing steadily, after the American pattern, and the further potential is regarded as almost unlimited in the coming years. It is even greater in Europe, where pride of ownership, particularly in Germany, still counts for more than it does here. On the other hand it is recognised that before hiring and leasing can become as firmly established on the Continent a major job of education has to be undertaken. This, the leaders in the U.K. are now gearing themselves up to do. Their success, here and overseas, is bound to have important implications for manufacturers. It is also clear from the increased emphasis manufacturers are themselves putting on this branch of activities that the specialists are not going to have it all their own way by any means.

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Making profits proving a tough proposition

By KENNETH GOODING

Like much of the plant hire industry, fork lift truck hire is fairly new to the U.K. but it has already attracted a few specialists. One feature of 1970 was the fast growth of fork lift truck hire both in the factory and, to some extent, on the construction side. So far three companies have sold their shares to the public on the strength of fork lift truck hire prospects—two of them taking advantage of last year's boom to do so.

It is certainly interesting to look at the ten-year profits record on those companies. The first to offer its shares to the public was Harvey Plant Holdings, the concern headed by Mr. Jack Harvey who built it up from a small local hirer to the country's biggest hirer of fork lift trucks.

In 1960, Harvey, then a private concern, was in its second year of business and made a pre-tax profit of £1,540. In the following years the profits progression went like this: 1961, £58,037; 1962, £41,954; 1963, £38,709; 1964, £112,254; 1965, £189,590; 1966, £112,511; 1967, £164,539; 1968, £215,015; 1969, £375,000; 1970, £608,152. An impressive record but one which shows that even the best-managed companies in this particular market find it difficult to push profits steadily up without an occasional slip backwards on the way.

The same exercise on one of the other fork lift truck hire companies which went public gives a similar picture. This concern, L. Lipton, was a pioneer in fork lift truck hire, starting in the business just after the second world war when it was operated by the late chairman Mr. Laurence Lipton's father. Its record reads as follows: 1960, pre-tax profits of £29,770; 1961, £45,712; 1962, £43,071; 1963, £61,754; 1964, £116,596; 1965, £116,898; 1966, £135,787; 1967, £137,574; 1968, £159,606; 1969, £227,337; 1970, £398,454.

Once again this shows it is possible to come up against those years when conditions make the earning of extra profits a really tough proposition.

Strong feeling

And a number of observers have a strong feeling that 1971 is one of those years. Stockbrokers Speirs and Jeffrey, for example, point to the Government figures for the first quarter of the year which seemed to show demand levelling off. Orders in hand for fork lift trucks were down some 18 per cent. They believe this results from a drop in activity on the warehousing and transport sectors, a point recently endorsed by results from the Transport Development Group and Ralph Hilton Transport Services. This must be putting pressure on the hire companies, especially on Lipton which is also a supplier of fork lift trucks, holding the U.K. franchises for the Komatsu and NYK from Japan and the Sichel Schmidt Dixi range from West Germany. Adding to the general gloom

is the memory of recent disaster. This involved the third of the fork lift truck hire concerns to sell its shares to the public, Vanguard Plant. In July, less than a year after its flotation, Vanguard revealed it had run into severe liquidity problems and that a "rescue" bid had been arranged from Harvey Plant.

Vanguard shareholders, who paid 60p for the shares when they were first sold, were offered only 15p a share cash, valuing Vanguard at £300,000 compared with the £1.2m. price tag put on it when it went public. Vanguard made pre-tax profits of £121,059 in the year to February, 1970, and had made a forecast that profits would reach £200,000 the following year. But the outcome was a loss of £196,451.

What went wrong? Mainly, it seems, the management had been unable to cope with a big expansion programme. The difficulties centred on two subsidiaries, Southern Mechanical Handling and BCE Plant. Both, according to Vanguard's accountants, had not maintained adequate accounting records for 1970-71 and their losses amounted to £216,039. BCE made a large investment in plant which was subsequently under-utilised and led to a substantial loss. In addition, Vanguard's commitment to dis-

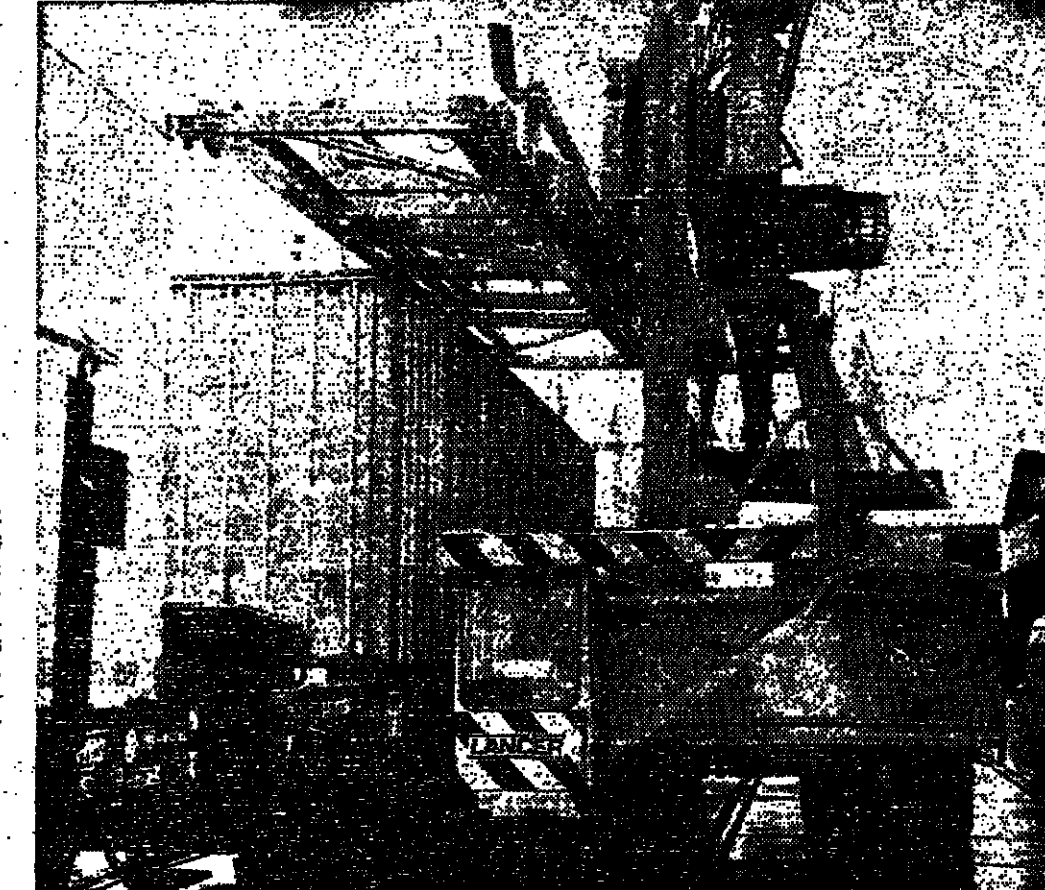
tribute a new design of fork lift truck resulted in 31 trucks being delivered which proved less than reliable. Then, Southern Mechanical Handling found some of its equipment was unsuitable for general hire use. These were the problems as outlined by Vanguard's new chairman, Mr. L. J. Evans when recommending the offer from Harvey Plant.

He said the Board, while trying to put things right, had to borrow large funds and it was clear that further big sums would be needed in the near future. "In addition the liquidity problems have placed considerable strains on the existing management and your Board are of the opinion that management support from within the industry is urgently required."

Some reservations

There are some observers who have a few reservations about Harvey Plant's decision to take out the Vanguard shareholders—even at the price paid. Certainly, the Harvey management is taking on fresh problems at a time when all indications are that demand for fork lift trucks is levelling off at least while competition is becoming more and more intensive.

Chairman Mr. Jack Harvey survey, gave this unsolicited can, however, point to his testimonial when discussing team's excellent past record. He said, for example, in his latest



No longer confined to conventional fork lift trucks, plant hire has recently been extended to cover specialised trucks, such as this one from Lancer. It is capable of handling 30 ton containers.

annual statement: "The Board is determined to maintain its leading position in this growth sector. We are not committed to any supplier and are able to offer our customers the best and most suitable makes of trucks for their own particular applications, supported by first-class service and maintenance in the field."

If the Vanguard troubles stemmed from management problems the quality of the Harvey management is an important factor in the new situation. Brokers Greene and Co., in their recent plant hire survey, gave this unsolicited testimonial when discussing team's excellent past record. He said, for example, in his latest

The same brokers were unqualified in their estimate of the Lipton directors, describing the company as having "one of the best managements in the whole plant hire field."

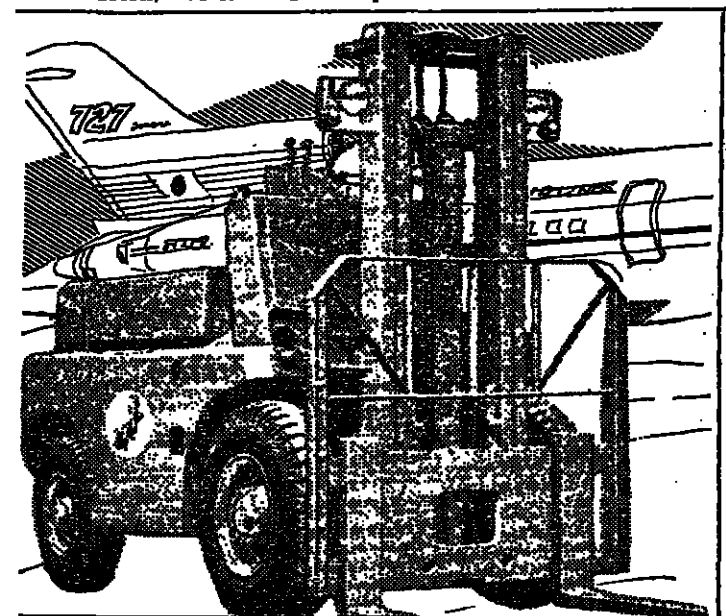
Return on capital

They backed these judgments by producing statistics—based on figures up to the end of 1970—which showed Lipton as making a 30.3 per cent. return on gross capital employed and Harvey Plant making a 24 per cent. return. Profit margins were shown as 15 per cent. in Lipton's case and 9.9 per cent. in the case of Harvey Plant.

Dealing with Lipton, the brokers added: "Fork lift truck renting, which is essentially

long term, cannot command same returns as earth moving machinery and for a fork truck renter to earn over per cent. gross and have a tax profit margin of 15 per cent. shows above-average management."

The statistics covering two other major concerns in the fork lift truck hire, Fork Rentals, a subsidiary of L. Bagnall, and Eddison Plant, a subsidiary of British Electric Traction, also showed high returns. Eddison's profit margins were 22.6 per cent. and its return on capital employed while profit margins were 9.7 per cent. for FTR and 11.4 per cent. for Eddison, both common

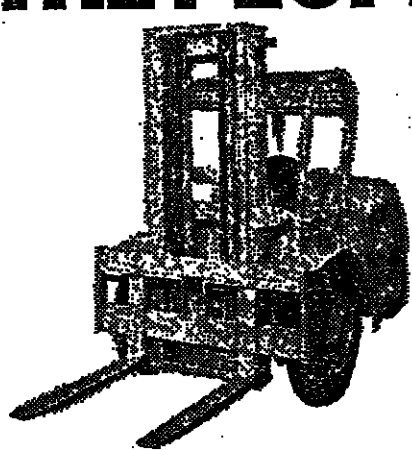


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Advanced types of equipment

By TONY FRANCE

While there has been no really startling technical development in fork lift trucks recently, several trends in the choice of advanced types of equipment are apparent, and are being increasingly adopted by fork lift truck manufacturers to meet more exacting demands from industry. For ease of control, reduced operator fatigue, and to provide much smoother truck movement, a number of manufacturers have tried installing some form of hydraulic drive, with varying degrees of success, and in general on trucks with internal combustion engines as prime movers. The hydraulic drive provides the long-sought two pedal control, and for fork lift trucks fitted with hydraulic motors, usually in two or four wheels, the motor itself can provide an efficient braking system.

This type of drive can also provide stepless speed control, high torque at low speeds, and instant smooth transition from forward to reverse, with minimal transmission shocks. Trucks fitted with this type of drive are particularly suited to handling fragile shock sensitive loads, and for work in confined areas. Some manufacturers achieve somewhat similar results with trucks fitted with torque converter transmissions, and it has been claimed that these are equal to the true hydraulic motor drive, while costing less and providing a more reliable piece of equipment.

Continued search
The continued search for rugged construction, simplicity of operation and ease of maintenance has meant increasing use of solid state electronic controls for the electrically powered battery operated fork lift trucks. As opposed to the contactor type of control, electronic control again provides stepless speed changes, and imposes a reduced demand on the batteries, improving the battery life.

Another development is the steadily increasing capacity of fork lift trucks. Where an average industrial truck in the past would have a maximum capacity of about 4,000 lbs this has now increased to the 5,000-6,000 lbs range, achieved by improved truck, mast and fork design, and the use of low alloy high tensile steel for the construction of components bearing critical stresses. This means that increased capacity has often been achieved without increasing the gross weight of the truck.

Straddle carriers

Industrial demand has produced a requirement for trucks capable of handling loads in the 50 tons range, and trucks capable of handling loads of 100,000 lbs have been developed for the steel industry and in particular for the container transport trade, where such trucks can handle fully loaded containers for dockside and shipboard loading in situations where straddle carriers or side lift trucks are not available or cannot operate.

Freight container transport contractors also have the problem of storing and shifting empty containers, and may consider it uneconomic to use their 50-ton capacity trucks for this light duty. Freight handlers usually have a range of fork lift trucks available and a recent development enables them to use a much smaller capacity truck to handle empty ISO containers. An attachment can be fitted to any fork lift truck of suitable capacity (say 5 tons) enabling it to shift containers from 20 to 40 feet long.

Of box girder construction, the unit is available in two basic forms—a single fixed beam model for one-size container operators, and a telescopic extension lifting arms. The latter may be in two sizes, one for 20 and 30 feet containers and the other extending to 40 feet to cover the full range. The fixed beam type is available in the three standard lengths.

The units lock on the container. Continued on next page



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y DAVID WALKER

New or old

In addition, outright purchase can put heavy demands on a company's cash position. If liquidity is tight, various methods of finance can be arranged to allow a credit purchase over, say three or more years. But, even with that, the customer's capital is tied up in a piece of equipment which may be under-utilised, or for which the sums expended could have been put to better use than that of the purchase of that routine maintenance and inspection is provided at fixed prices. But repair charges may still have to be met by the operator.

The final choice is whether to rent, which is the most expensive of the alternatives but also the most flexible and the one in which all costs are fully known in advance.

Obviously, many of the advantages of leasing apply here, too.

immediate use elsewhere. Against that has to be weighed the full control the customer has over the use of his vehicle at all times, and his holding of the equity in what is a potentially valuable capital asset with 10 to 15 years of useful life in it at least if he decides to part exchange it at a later stage.

Where cash flow considerations and company accounting methods make the operator turn against outright purchase, he has an option between leasing and renting. Leasing has been growing rapidly in this country in response to all kinds of capital equipment.

With it, the customer has the use of the equipment as though it were his own—with all the responsibilities for maintenance and so on which go with that—while not having to make a big initial capital outlay. Instead, the truck is purchased by a leasing company which then is brought in after the operator has placed his order with the manufacturer. The operator then rents it from the finance house.

advantage, both as far as cost estimation is concerned, and, for fleet users, in making it unnecessary for stocks of spares to be held, taking up both valuable storage space and capital. The chances of breakdown are also much reduced by the regular servicing of the rental company: indeed, where large fleets are concerned the renter may well leave a resident engineer on the customer's premises.

Thus, availability of the trucks is at optimum levels, regularly serviced and kept in top condition. The cost of the fleet is considerably better than many purchasers or lessees could hope to obtain.

The other great advantage of renting is its flexibility, both as far as exchangeability of models is concerned and through allowing increases or decreases in the size of the fleet at times respectively of peak or minimum demand for the operator's own products. Seasonal business, particularly, can benefit from rental.

Rental periods can be as short as one week where a special job is involved; they can be as long as five years. Rental can be decided on as a permanent answer to meeting work life.

answer to meeting fork lift truck requirements; it can be used to fill in over a short or indeterminate period when production or storage premises are scheduled for vacation because of lease expiry, replanning, or the movement to a new site, thereby avoiding premature capital expenditure and the possibility of accelerated obsolescence.

In the last analysis, the whole question of the various options is very dependent on each potential customer's individual situation and overall policy—on how he wants to dispose of his cash flow and what his cash flow position actually is. What is crucial is that, in assessing which of the methods of acquisition is best for him, he compares like with like and ensures that his calculations cover all the costs involved each time.

Lease agreements

Most lease agreements run for up to seven years, with a normal minimum period of three years. At the end of that time, the lessee may or may not, depending on the system of the particular finance house involved, be entitled to what is in effect a stake in the truck. For example, the lessee is able to continue the lease at a fixed, generally much reduced sum of money equal, perhaps, to 1 per cent. a year of the outright cash purchase price. Alternatively, the lessee may wish to end the agreement. In that case the finance house may agree to the truck being sold and will then allow the greater percentage of the sales price to be paid to the lessee. On the further lease plan for the new truck which will be required.

Details vary enormously between the various finance houses, but the last few months have seen considerable moves toward more uniformity.

The regular payments involved in leasing can be set against Corporation Tax; and some hedge against inflation is provided by the fact that those payments are fixed.

Against that, there is a lack of flexibility. Where future demand requirements cannot be accurately assessed, a lease agreement may leave the operator with cash to pay out for equipment which has become under-utilised.

In addition, it leaves the operator responsible for all maintenance costs just as if he had purchased the vehicle outright. Thus, though the lease costs are known in advance, overall costs again are not. Growing demand has led to forklift truck manufacturers introducing contract service arrangements aimed mainly at lessees of their equipment, so

1 Hyster Challenger Model H70 fitted with an all-weather cab for driver comfort which has a lifting capacity of 7,000 lbs.

en become a lot more sophisticated as a result. At the same time, the growth truck renting and leasing o owes much to the rapid increase in the size of the fleet for fork lift trucks, a phenomenon which has now spread, at least for the time being, but which, over the past couple of years, continued in face of an economic climate that was apparently generally tile to such developments. Basically, the would-be operator of a fork lift truck has some choices.

conditioned counterpart. With a secondhand truck, he has comparative cheapness.

Having decided between those two, he then has to consider the best means of acquisition—outright purchase, hire purchase, lease, or rental (this latter does not apply to reconditioned vehicles where purchase or leasing are the only options).

Outright purchase is almost always the cheapest method of acquisition, particularly where the customer knows his truck

Cheapest way

first, he has to decide whether to obtain a new or second hand machine. Obviously, the latter is the cheapest way but and, in a field where basic designs alter little over a period of years, it can have few disadvantages. In a general fork lift trucks produced on almost a one-size-fits-all basis, the intrinsic design of the vehicle is the major factor of operation, but the detail details will differ according to the customer's own needs and specifications. That is true of trucks rented (except, of course, on very short term or leased, or very tight cost—save, nature), where hand and vehicles are con-

Where a vehicle is in use intensively, those costs can be high. Moreover, they are not fixed; inflation can push service overheads up rapidly and it is impossible for fixed sums, to be set aside accurately for use in company estimates.

Equipment—(Cont'd)

Unn from previous page
corner castings by hydraulic twist-locks; and the automatic semaphore indicators "lock-on" and "lock-off" functions. A maintenance feature of the locks is that they complete units in their own disassembling clusters and can operate inside the container box. This has been achieved by building the battery in an "X" shape around the drum position so that the seat can be positioned on the frame of the truck instead of above the battery as in a conventional machine.

fully-replaced. The fork lift truck is a tug or float-lifting device is suited for a train of pallet trucks is used to find increasing use in warehouses, loading, or unloading houses, airports and in connection with rail transport. This device is controlled by a pressure hydraulic system the tug loads and unloads its load from the truck's own trailers.

Stacking position

One of the most interesting recent developments is the **transfer or reach truck** for use in warehouse situations where space is at a premium. The trucks are designed to operate in the aisle between the pallet shelving. As the aisles are kept to a minimum width (down to 4 ft) and the pallet shelves may exceed 30 ft in height, considerably more space has been exercised in the design of these specialized trucks.

The load, up to about a ton, is carried within the wheelbase of the truck and a number of devices are used to transfer the load from truck level to stacking position. These include up to three-stage lifting means which are capable of rotating

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PLAYER'S HORIZON PROJECT

FINANCIAL TIMES SURVEY

A superb industrial building

By H. A. N. BROCKMAN, Architecture Correspondent

The Nottingham factory for satisfy immediate specific gas. The factory is wholly air-conditioned, the major proportion of the air-conditioning load consisting of heat from manufacturing machines, which is not amenable to localised cooling, from steam injection processes and from drying equipment and lighting. Essential to this air-conditioning process is the close control which has to be kept over relative humidity due to the critical moisture content of tobacco. Exhaustive studies were made of the most The principal accommodation is economic plant available to

support for any future extension. The square unit of 30 metres is repeated as a structural unit 36 times, to form a square building with sides 180 metres long and covering an area of over 3 hectares equivalent to some 8 acres.

Modular approach

Detailed planning is determined by production flow and machine lay-out requirements which, the designers found, amply demonstrated the worth of the modular approach. There are two categories in the amenity areas, each given great importance for the two-shift working of this factory. There is first of all the relaxation, lavatory and washing accommodation serving the production floors, and secondly the central areas including shops, restaurant and kitchen, offices, visitors' reception and conference room, medical centre, central locker and wash and shower rooms. Space for games, club-room and bars has also been calculated for allocation in future development.

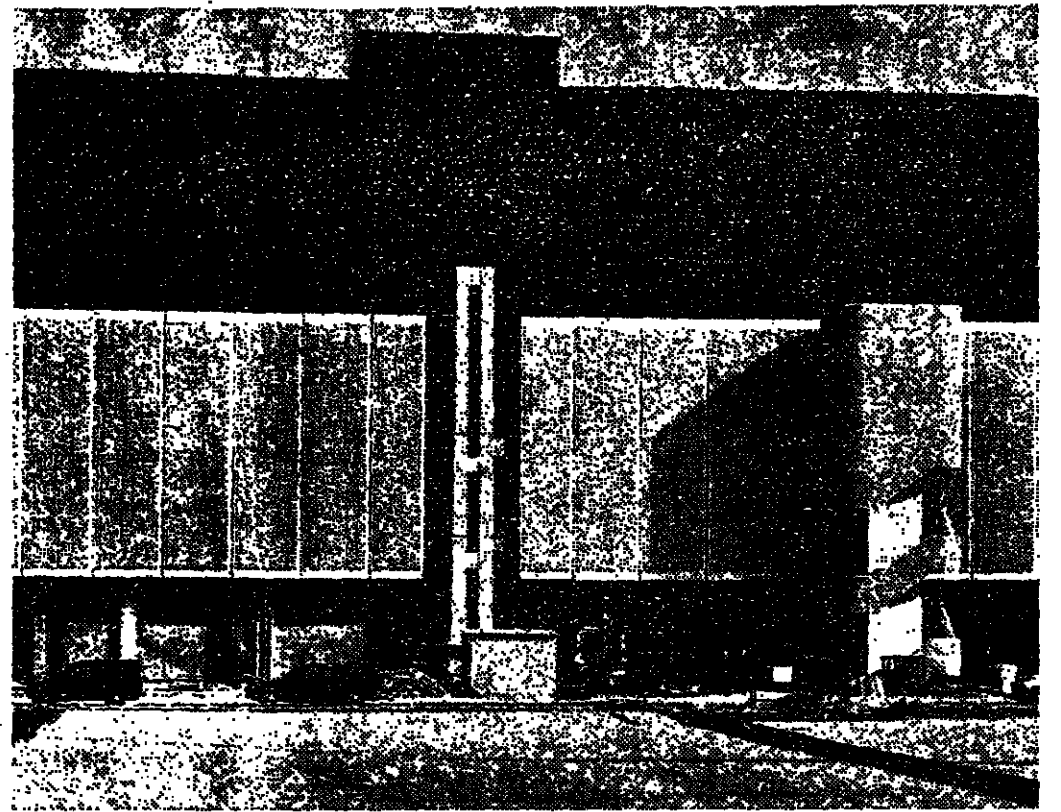
As a result it was decided to install pairs of one megawatt gas turbine generator sets, each pair of exhausts being connected to a common waste-heat recovery boiler. It is estimated that, taking into account the terminal value for the equipment, the capital value should be regained within 8 to 10 years.

With the structural columns of the whole building complex spaced at 30 metres in each direction, the factory units are therefore square on plan, divided vertically into four horizontal zones comprising ground floor, services, production floor and roof. Each of the columns is designed as a cluster of four stems, with space for service ducts running through the centre. The value of this unusual design means that a structural beam can rest on any one of the stems and that where the columns occur on the exterior of the building the disengaged heads can form a ready made

Traffic-flows in and around the site are separated into services and domestic routes with access from Bull Close Road and Thane Road respectively. Car parking is a major problem, solved with great success. It is considered that space for 1,000 will be needed by 1975, with an ultimate 1,250 in 1990. The provision is limited for the moment to 1,000, representing the total requirement for two shifts. Apart from the half-hour change-over interval, therefore, only 500 spaces will be in use. The present plan allows for 400 under the building and 600 outside to the west.

Landscaping threw up considerable problems. Because of the polluted nature of the ground and the sparseness and poor quality of top soil, the planting of forest trees was not a practicable proposition. The choice became limited to

Continued on next page



Above, an external centre view between two 30-metre-wide structural units, showing the panel-facing of two units, the clustered column structural division rising within the glazed area to support the deep service void in the crowning roof structure. Below, the west elevation from the Beeston canal bank. To the left the stacks of the power house, to the right the windows of the office and amenity section. Working downwards, the colours are bronze through off-white to grass-green.



DESIGN AND CONSTRUCTION

Architects and Engineers	Arup Associates
Managing Contractor	Bovis Fee Construction
Electrical and Mechanical Services, Sub-contractor	Drake and Scull

arranged above and below a produce the necessary electrical deep services void, primarily energy for lighting, production, for the use of machine servicing, air-conditioning and refrigeration, and steam for process heating and hot water.

As a result it was decided to install pairs of one megawatt gas turbine generator sets, each pair of exhausts being connected to a common waste-heat recovery boiler. It is estimated that, taking into account the terminal value for the equipment, the capital value should be regained within 8 to 10 years.

With the structural columns of the whole building complex spaced at 30 metres in each direction, the factory units are therefore square on plan, divided vertically into four horizontal zones comprising ground floor, services, production floor and roof. Each of the columns is designed as a cluster of four stems, with space for service ducts running through the centre. The value of this unusual design means that a structural beam can rest on any one of the stems and that where the columns occur on the exterior of the building the disengaged heads can form a ready made

Initial problems

The 30-acre site is within the Beeston Industrial Estate, bounded by Beeston Canal and abutting on Bull Close Road. It is flat and the initial problem of building on up to 20 feet of tipped refuse, comprising such unusable material as building rubbish, old cars, bedsteads, and like. Much of this material was in fact organic, creating uses and in some parts leading internal combustion. To each a firm base piling was undertaken to a depth of 30 feet; sulphate-resisting Portland cement being used for the piles of high-grade concrete for other foundation work in order to resist chemical aggression.

In designing the superstructure it was decided to seek a general planning solution to

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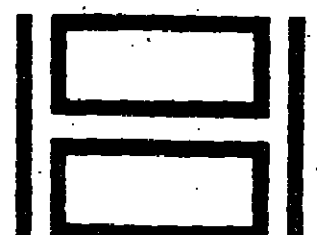
We now have our new building, thanks to Arup Associates who designed it, Bovis who managed the contract, the many sub-contractors, and our own employees from every level who helped plan its inception and design and for whom the real task still lies ahead.

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HORIZON PROJECT II

Despite diversification a £15m. investment in new plant

By ROGER MATTHEWS

It is possible to frighten some of Britain's cigarette smokers some of the time, but impossible to frighten all of them all the time. This is the inescapable conclusion to be drawn just 10 months after the toughest warning yet issued on the perils to health of cigarette smoking. Following the Royal College of Physicians' damning report on smoking and health in January, cigarette sales dropped by over 10 per cent. By the end of April there were clear signs of a rally and to-day it is thought that sales in some parts of the country are back to pre-report levels, while overall they may be just one or two per cent. below the figure at the end of 1970.

This repeats fairly closely the pattern following the 1962 health report, when sales initially dropped by about 15 per cent. but within eight months were back to only 2 per cent. below their previous level. This year the report has been followed by a more determined anti-smoking campaign with cigarette packets now carrying health warnings and advertisements for cigarettes drawing attention to these warnings. The cigarette companies' marketing men seem singularly unruffled and are confident that in a fairly short time the warning notices will become as unobtrusive as the makers' name on an individual cigarette.

Similarly the anti-smoking advertising campaign with its relatively puny budget is generally recognised as doing little more than scratching the surface and perhaps helping those people who gave up smoking in January to maintain their resolve. It seems that the British public will have to be persuaded by some more forceful means that smoking is harmful.

Increase unlikely

However the anti-smoking lobby together with the limitations on cigarette advertising and the general public awareness of the dangers of smoking, does suggest that the sales of tobacco products are unlikely to increase substantially during this decade and may even have reached saturation point. It is this belief which is in part responsible for substantial diversification efforts by the major tobacco companies. Imperial Tobacco, for example, has spent around £100m. in the past four years, mainly on establishing itself as a major force in the food industry. British American Tobacco has spent more than that on perfume and cosmetics interests plus the Wiggins Teape paper company.

It is therefore ironic that while the tobacco companies have been trying to break away from their reliance on the one product, their profits from that

source should have risen impressively. At the same time their diversification efforts have not, with some exceptions, been noted for their success. Carreras, the smallest of the British tobacco companies, is the only one which has stuck solely to tobacco. In the last five years its profits have risen by around 70 per cent., and although it can be argued that there are special factors at work here, it is undeniable that these figures do underline the profitability of tobacco. It is against this general background that the decision by Imps. subsidiary John Player and Sons, to spend about £15m. on building and equipping a new factory at Nottingham must be seen.

Real key

The new plant was first mooted about seven years ago and the decision to build was prompted by the growing difficulties encountered at Player's three existing Nottingham factories. Technological improvements were limited by the design of these plants and those that have been introduced always had to be done in triplicate. With the likely advent of synthetic or reconstituted tobacco these problems would increase. Given the profitability of the tobacco industry the decision to build anew was not unduly hampered by financial considerations.

But the real key to the decision was the co-operation of the workers and Players has gone to great lengths to achieve this. In order to be commercially feasible the new plant, code-named Horizon, had to operate a double-day shift. For the staff it meant a radical change in working practices, a proposition that they greeted, in the words of the management, "with guarded hostility." But they have agreed and were given the chance of voting for the type of shift system that they most favoured. At the outset the unions were assured that there would be no redundancies although the present production workforce at Nottingham of about 3,000 full-time and 1,000 part-time will be slimmed at Horizon to about 1,500 per shift with a further eventual reduction anticipated to not fewer than 1,000 per shift. This is being achieved by natural wastage, a flexible retirement policy which allows workers to opt to go at 60 instead of 65, and the chance of still earlier retirement, although this last option is being used sparingly because of the possible strains on the company's pension fund. An unspecified number of workers have already left under these proposals.

The company also had to decide where to build. Development areas had undoubtedly financial attractions, but that meant training a substantially new labour force. Perhaps the hint of a move was enough anyway

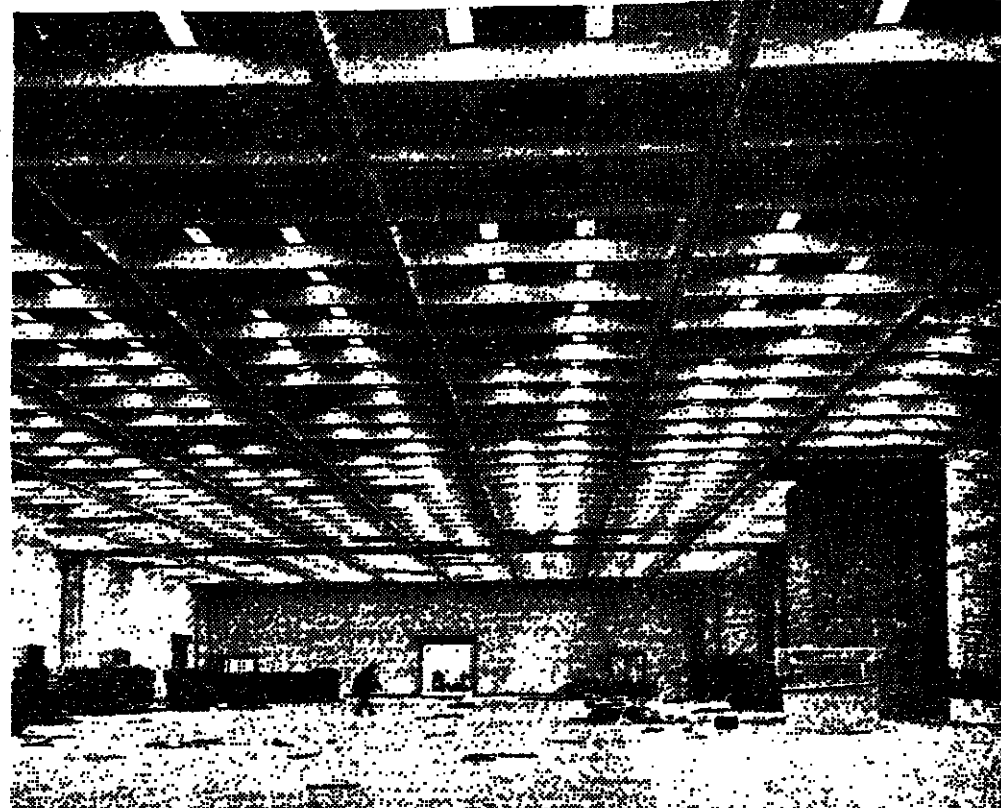
to ensure that the Nottingham Corporation would do everything in its power to ensure that a suitable site was found in the Nottingham area. A site was found just 10 minutes drive from the existing factories.

Players then faced its greatest problem; the lack of experience in building new plant. Necessarily the company was well equipped to formulate plans for the manufacturing side of Horizon; it was the planning and building of it where they felt rather vulnerable. The first and crucial step was to find a firm of architects in which it could have complete confidence and with whom a close working relationship could be established. Aided by Professor Ling from the architecture department of Nottingham University and the Royal Institute of British Architects, the choice eventually fell on Arup Associates. Once they had completed a feasibility study Bovis was brought in as the managing contractor to work in conjunction with the architects and to be responsible for putting out all the sub-contracting work to competitive tender.

Worked well

This arrangement seems to have worked well, as the date set for the handover of the factory to Players was achieved on November 1, the target date. At the start of the project Players brought together a number of key members of staff to form the Horizon Group. It was their task to decide the form of the new factory and so as to ensure that they enjoyed or suffered the results of their decisions most of the team was under 40. Similar groups have been set up on a consultative basis to advise on particular aspects of the factory such as canteen facilities, colour schemes and furnishings. What with presentations, films, visits to the new factory, and a very real say in some of the peripheral but nonetheless vital aspects of Horizon the man and woman on the shop floor at Players has been given a very real opportunity to feel involved in the project. Certainly there cannot be that many employers who provide a bank, shops, and a resident doctor and dentist in their factories.

Flexibility had to be another vital ingredient of Horizon. With the chief remaining obstacles to full scale production of synthetic tobacco being concerned with legal and medical issues, which could be resolved before too long, then the new factory had obviously to be prepared to adapt its production methods. Imperial Development, the joint company set up by ICI (two-thirds) and Imps to launch synthetic tobacco is believed to be technically ready to translate the experiments at the ICI Nobel Division in Scotland into full-scale production.



The vast production floor. The coffered ceiling is beautifully designed and for wholly structural reasons is given a slight lift towards the centre, visually satisfying in its grey content of the imperceptible curve on the base of the Parthenon.

This is not to suggest that shortly British smokers will all be switching to the new "tobacco." There are a mass of imponderables still; will synthetic or reconstituted tobacco be any safer medically? What will be the attitude of Customs and Excise? And if we join the EEC will duty be applied on the finished product instead of at present when the raw material is withdrawn from bond? And finally, and probably most vitally, will anybody actually want to smoke these new cigarettes? Answers are needed to most, if not all, these questions before the manufacturers take the plunge. But if the answers prove satisfactory then Horizon is likely to be able to meet the demand.

Coming on stream

Actual production at Horizon is not scheduled to begin until late February or early March, and the new plant will not be fully on stream until September, 1973. When fully commissioned the factory, which has a production area of 10 acres, should be producing a little less than the 150m. cigarettes a day presently manufactured at the three Nottingham factories. There will not in fact be any decrease in Players' overall production as the company's Stirling factory is due to have completed its expansion programme in March next year.

Originally, the building of Horizon was expected to cost about £6m. The final bill will be

much nearer £8m. At the time the budget for the project was drawn up an allowance was made for an extra sum to be set aside on top of the £6m. to allow for rising costs. This, together with various fees such as the architects, the total energy plant and an extra cost-inflation of £300,000 gives the near £8m. total. A further £7m. is being spent on equipment for the factory. Although the Players' management claims to have been very cost-conscious throughout and has in fact only incurred expenditure of an extra £300,000 there is no doubt that the company has not stinted cash when it felt that only the best was sufficient. Although, of course, there have been compromises between what was wanted and what was possible it seems unlikely that there were any major compromises on cost grounds alone.

So far the project appears to have gone with remarkable smoothness. Asked about the worst problems so far encountered a senior executive seemed temporarily stumped for an answer until he remembered that plans to plant trees around the new factory had been abandoned because of the methane gas given off by the rubbish tip on which Horizon has been built. And so proud is the company of its new factory that the name of John Player may well not be emblazoned across the outside. "After all," said the same executive, "St. Paul's doesn't have its name written across the building."

A superb building—(Cont'd.)

Continued from previous page
shrubs, grasses and earth formation. The external car parking area is slightly below the level of the canal embankment and by this means, together with building up of the earth embankment itself, the cars are screened from view points in the new office building for Boots the Chemists, not far away. The pleasant country to the south offers the best in the view from the John Player building and the aim is to bring the edge of this close in to the site by a broad treatment now in process of maturing.

One valuable asset is to be found in the cutting containing the canal. Over the years much growth has matured its banks and it is now possible to find a

grassy bank still within the factory site from which no hint can be gleaned that this is the centre of an industrial estate.

Elevation treatment

The all-important elevational treatment is highly successful and fully justifies the aim of the architects, who wrote at the outset of the project: "The functional elements of the building, combined with the problems of external cladding should be exploited and developed into a satisfactory elevation which reveals the nature of the animal it clothes."

The main external wall cladding consists of close-jointed vertically ribbed panels, the bold texture being obtained by random chipping of the

ribs. Each group of panels covers the 30 metre side of a factory unit, the clustered columns marking the structural limit of the square between each panel group. The columns are of grey bush-hammered concrete and firmly articulate their function by rising to support the roof clear of the cladding panels on each side of them. A band of bronze coloured glazing, 2 metres deep, runs above and down each end of the panel groups, thus emphasising the separations of cladding and support.

Below the cladding panels are the wide openings to car parks and despatch area. Above the panels and the glass band is the deep roof structure, faced with and bronze tinted fibre glass panels embanked earth surroundings

with the triangulated steel roof structure exposed. At intervals along the sides of the building are the escape staircases which are set proud of the wall face and enclosed with concrete treated in the same manner as the cladding panels. Above the main entrance on the west side of the building and continuing round on to the south side the panels are pierced to form the window openings of the two-storey amenities area and offices.

Integrated design

The impact of this building as seen from the south and west is two-fold. It combines both colour and form in a striking and unified composition. The embanked earth surroundings

provide a brilliant green grass carpeted foreground, rising to mask the ground storey ranges of car parks and other openings and allowing the main structure to speak for itself above this green base. The green of the grass banks is sharply contrasted with the off-white colour of the concrete panels and stair towers. The columns stand sentinel between them as dark grey clusters and the bronze ribbon of glass, lit from the vast factory floors behind, runs below the denser bronze of the deep roof which covers the entire building. I have not seen every example of industrial architecture of the last ten years, but with that reservation I can say that I certainly have seen none more wholly integrated than this.

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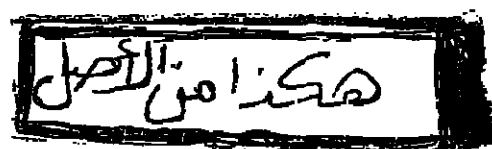
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£15m

HORIZON PROJECT III

A convenient energy system which saves money

ANDY McELROY

Industry as a whole were presented with one, single idea of philosopher's stone, it would be a device for giving the world a convenient, reliable, easy to run factories. Shortly after the 1939-45 war the more respectable prophets were predicting a new age fuelled at almost no cost by atomic reactors, opening the way to drastically reduced production costs, lower product prices and a vastly improved standard of living for every man, Give or take a quarter of a century, and industry is waiting.

That can an industrialist do is to keep his fuel costs within reasonable limits? Under normal circumstances all industries are tied to electricity generating stations run by the central Electricity Generating Board by the umbilical cord of power transmission lines. Unfortunately, the power from this source is comparatively expensive and, by the nature of the system, or so it seems, comes ever more costly.

Central generation of power places great economies of scale, but this is substantially outweighed by the cost of transmission over large distances. So much so that a number of companies use their own generating stations, but this is only economic when the plant is large and fairly

thermal and electrical—needed to operate a plant from a single fuel source. Put simply, the main advantages of such a system is that the output is always within the control of the user, who also derives the benefits of discounts on large quantities of a single type of fuel.

There is a popular misconception, fostered to some extent by journalists, that total energy is a new concept, but this is far from the truth. As an idea it goes back to the 1930s, and possibly even before then. Profitable applications of it go back to the early 1950s, so that there is plenty of practical experience to demonstrate its advantages.

Equal footing

Principally, these applications have been overseas, where a cheap, reliable and suitable fuel source has been available. Until recently, Britain depended on coal, which is unsuitable for small, commercially available prime movers in its raw state. Recently, however, the availability of natural gas from the North Sea has put British industrialists on an equal footing with their counterparts in Europe and North America in this respect.

Player's new installation is a classic example of the potential of total energy. It uses a bank of eight Ruston TA 1500 gas turbines, each developing 1,450 b.h.p., as the prime movers. These units are merely updated versions of Ruston's well-established and proven gas turbine, noted for their extreme reliability in similar applications. These units are well



One of the eight Ruston TA 1500, 1.1-MW gas turbine generating sets which provide all the electrical and thermal power for the new factory.

known for their ability to operate for between 25,000 and 30,000 hours between major inspections, and maintenance costs are very small compared with reciprocating engines of similar capacity. Ruston has installed over 60 similar units, running on either distillate fuels or gas, and so has unrivalled experience in modifying the units for particular applications.

In the Player application, the customer signed an agreement with the East Midlands Gas

Board for an interruptible gas supply. This means that for specified periods the Board has the right to cut off supplies. This is advantageous to both parties. At times of peak domestic demand the Board can divert the supply, and thus save the otherwise enormous cost of supplying distribution equipment needed to deal with infrequent peaks. As a consequence of this saving, the Board is able to offer Player gas supplies on very favourable terms, which saving allows the company to cover the costs of supplying an alternative fuel during these off periods.

Ruston's turbines are designed to be able to run efficiently on either gas or a distillate fuel, and the installation is designed so that the change-over is automatic and causes no disruption to production. But gas can be considered as the standard fuel. It has the advantage over others (apart from cost) that it gives a very clean and non-corrosive exhaust gas. This is doubly important in a total energy application, since the whole idea is that the waste gases exhausted from the turbines should be used to generate steam in a boiler. Clean waste gases simplify the problems of boiler maintenance, as well as reducing the pollution problem to negligible levels.

Exhaust gases from each pair of turbines are ducted into a single exhaust heat boiler designed to give maximum heat transfer between the gases and the water. Each of these four boilers, designed by Spanner Boilers and using their patented Swirlyflo tubes, produces 17,600 lbs of steam at 180 p.s.i.g. when the turbines are working at maximum power. But the total steam requirement for the factory, for process heating and for air conditioning, is 120,000 lbs of steam per hour, leaving a total deficiency of 49,400 lbs of steam per hour to be made up by other means.

Generators' part

Between the inlet to the turbines and the exhaust from the boiler the high efficiency in fuel usage and in heat recovery account for the savings associated with this type of installation.

It is, in fact, easy to forget about the generators themselves, which play such a vital part in the overall concept. Supplied by English Electric - A.E.I. Machines, the eight a.c. generators are driven from the turbines through the reduction gearbox shafts. Each machine is capable of delivering 1,152 kW at 80 per cent power factor, at a voltage of 11 kV. This output is 3-phase, 50Hz, and is generated at a running speed of 1,500 rev./min.

One of the outstanding features of the machines, and of great importance to the overall efficiency of the new factory, is their ability to maintain the output voltage to within 1 per cent in all operating conditions from no load to full load. Autosynchronisation facilities bring in each generating set and synchronise it with others already running. Operation is controlled so that there is no risk of any of the machines getting out of step, and each stage in the routine is safeguarded by a supervisory system.

High efficiency

But, having said this, when the fuel is cheap and the system is designed to recover the energy normally wasted in engines, the whole complex shows a very high efficiency. Overall, in fact, the Player installation can be expected, on past experience, to yield an overall thermal efficiency of between 55 and 60 per cent, depending on load factor and the pattern of demand.

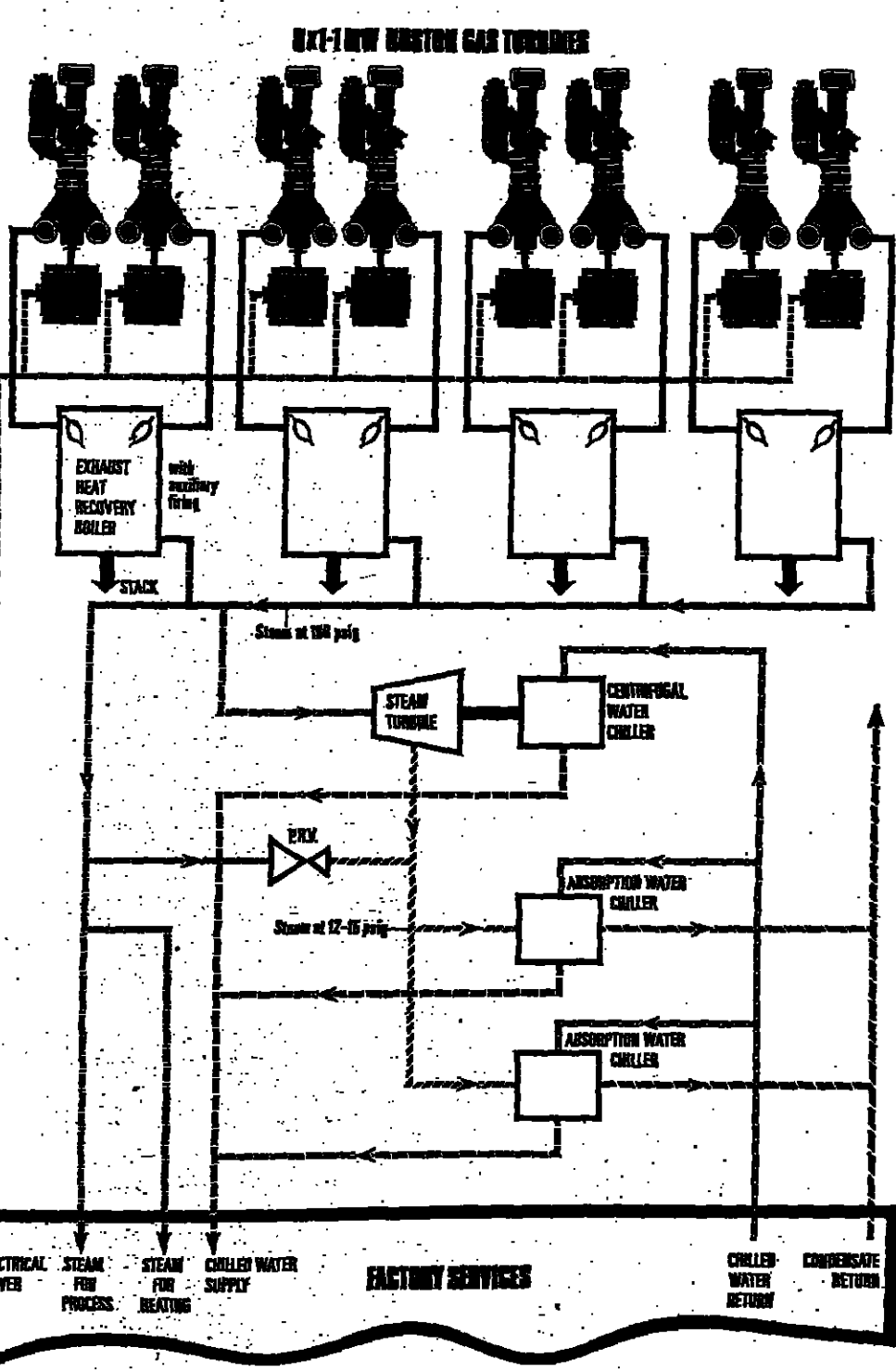
When one considers that the shaft thermal efficiency of a gas turbine is only in the region of 10 to 15 per cent, the achievement falls into perspective. Detailed specifications to achieve this figure include, of course, heavy insulation of all potential heat sinks, such as the mineral compressor units. In this application, however, a combination system of absorption units using steam at a pressure of 15 psi and compressors driven by a steam turbine are used, thus reducing the demand on the power supply.

The refrigeration system was designed and supplied by Trane, and it incorporates a steam turbine made by Greenwood and Batley as the compressor drive. One very unusual feature of this installation is that the power generation

Different ways

This could have been done in many different ways, but in the interests of economy and a compact installation, Spanner installed after-burners in the exhaust pipes of each turbine. Fuel, either natural gas or distillate, is injected at these points and ignited to bring the exhaust temperature up to a level that gives the necessary steam output. Quite apart from this function, the after-burners and boilers are capable of producing the maximum steam demand even when the turbines are running below maximum capacity, as when the demand for electrical power is low. It is significant and a tribute to clever boiler

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The gas turbines will use North Sea Gas as the primary fuel but in the event of an interruption of supply they change over to distillate fuel. This is fully automatic without the need to shed load and with no noticeable change in frequency and is a feature of the Ruston Gas Turbine.

John Player decided on Ruston after studying other successful gas turbine total energy systems installed by the company.

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WALL STREET + OVERSEAS MARKETS

Index drops to new 1971 low of 825

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OTHER MARKETS

Canada lower

The Canadian Stock Markets resumed their downward trend in light trading yesterday morning. Industrials lost 0.53 on index. Western Oils 0.71, Golds 0.81. Base Metals 0.53, Utilities 0.23 and Papers 0.14. Only Banks, up 0.35, moved against the general trend.

GERMANY — Markets turned easier on lack of interest, partly reflecting the official holiday in parts of Germany.

Bayer, of DM1.5, led leading declines, down 1.50. AEG declined DM2.30 in Electricals.

Banks, Motors and Stores showed heavier losses.

In generally well maintained Bonds, Public Loans gained about 1 point.

AMSTERDAM — Most International weakened. KLM, F&A, fell on its results.

Plantations were narrowly mixed and Shippings edged lower.

Most local Industrials also eased.

THE RECENT DECLINE gathered momentum on Wall Street to-day and the Dow Jones Industrial Average dropped to a new low for 1971.

The Industrial Average opened 2.41 off at 836.59 and steadily gave ground to the close, reaching 825.86, for a fall of 13.14 on the day and 4.71 below its previous closing low of 830.57 recorded on January 4. The NYSE All Common Index lost 77 cents to 551.30, while declines outpaced gains by 1,157-to-292.

Volume, however, further decreased 750,000 shares to 10.96m.

Much of the downturn was attributed to a prediction by economist Eliot Janeway that the Dow would maintain its sinking condition until it hit about the 500 level. Most market analysts contacted, however, do not agree with the widely followed economist.

Mr. Paul W. McCracken, Presidential adviser, said the nation was closer to a firm basis for a reasonably stable price level, and Mr. Charles Walker, Treasury Under Secretary, said additional aid to be exempt from the Wage-Price Freeze in Phase Two would be made known this week.

Dr. Arthur Burns, Federal Reserve Board chairman, said he and the President's Council on Interest and Dividends that he heads, will oppose most interest rate increases.

A late report by the Commerce Department that consumers related retail purchasing expenditures for new cars and household durable goods in October apparently had little impact.

IBM fell \$3 to \$202. General Electric lost \$1 to \$56.1 and Levitt Furniture were off \$3 to \$90.

In Motors, Ford dropped \$1 to \$34. General Motors at \$70.1 and Chrysler at \$71. Each lost \$1.1.

American Motors was unchanged at \$71, bolstered by reiteration of an earlier projection that it would be profitable in the fourth quarter and for the year as a whole.

Steels retreated as industry officials reportedly doubt that an order upsurge will take place in January. Steel output rose 0.8 per cent last week from the week earlier. U.S. Steel rose \$1 to \$26.1 as was Republic at \$20.1. Arco declined \$1 to \$16.1.

Control Data lost \$1 to \$39.1 after it postponed its previously announced plans for a republic offering of equity securities later this year, attributed to depressed market conditions.

Memorex gave way \$1 to \$25.1 as it reported a loss for the third quarter and "definitely" for the full year followed by a modest profit in 1972.

OTHER MARKETS

Canada lower

The Canadian Stock Markets resumed their downward trend in light trading yesterday morning. Industrials lost 0.53 on index. Western Oils 0.71, Golds 0.81. Base Metals 0.53, Utilities 0.23 and Papers 0.14. Only Banks, up 0.35, moved against the general trend.

GERMANY — Markets turned easier on lack of interest, partly reflecting the official holiday in parts of Germany.

Bayer, of DM1.5, led leading declines, down 1.50. AEG declined DM2.30 in Electricals.

Banks, Motors and Stores showed heavier losses.

In generally well maintained Bonds, Public Loans gained about 1 point.

AMSTERDAM — Most International weakened. KLM, F&A, fell on its results.

Plantations were narrowly mixed and Shippings edged lower.

Most local Industrials also eased.

Indices

NEW YORK

Close	Home	Transp.	Indus.	Util.	Trading
Nov. 1	836.59	252.30	551.30	111.29	10,960
Oct. 29	839.73	254.80	552.00	111.50	11,710
Oct. 28	842.14	257.30	554.50	112.00	13,430
Oct. 27	844.55	259.80	557.00	112.50	15,150
Oct. 26	846.96	262.30	559.50	113.00	16,870
Oct. 25	849.37	264.80	562.00	113.50	18,590
Oct. 24	851.78	267.30	564.50	114.00	20,310
Oct. 23	854.19	269.80	567.00	114.50	22,030
Oct. 22	856.60	272.30	569.50	115.00	23,750
Oct. 21	859.01	274.80	572.00	115.50	25,470
Oct. 20	861.42	277.30	574.50	116.00	27,190
Oct. 19	863.83	279.80	577.00	116.50	28,910
Oct. 18	866.24	282.30	579.50	117.00	30,630
Oct. 17	868.65	284.80	582.00	117.50	32,350
Oct. 16	871.06	287.30	584.50	118.00	34,070
Oct. 15	873.47	289.80	587.00	118.50	35,790
Oct. 14	875.88	292.30	589.50	119.00	37,510
Oct. 13	878.29	294.80	592.00	119.50	39,230
Oct. 12	880.70	297.30	594.50	120.00	40,950
Oct. 11	883.11	299.80	597.00	120.50	42,670
Oct. 10	885.52	302.30	599.50	121.00	44,390
Oct. 9	887.93	304.80	602.00	121.50	46,110
Oct. 8	890.34	307.30	604.50	122.00	47,830
Oct. 7	892.75	309.80	607.00	122.50	49,550
Oct. 6	895.16	312.30	609.50	123.00	51,270
Oct. 5	897.57	314.80	612.00	123.50	52,990
Oct. 4	899.98	317.30	614.50	124.00	54,710
Oct. 3	902.39	319.80	617.00	124.50	56,430
Oct. 2	904.80	322.30	619.50	125.00	58,150
Oct. 1	907.21	324.80	622.00	125.50	59,870

IND. DIVIDEND YIELD P.C.

Oct. 29	Oct. 22	Oct. 19	Oct. 12
3.76	3.70	4.21	4.21

N.Y. SE ALL COMMON INDEX

Nov. 1	Oct. 29	Oct. 28	Oct. 27	Oct. 26	Oct. 25	Oct. 24	Oct. 23	Oct. 22	Oct. 21	Oct. 20	Oct. 19	Oct. 18	Oct. 17	Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12	Oct. 11	Oct. 10	Oct. 9	Oct. 8	Oct. 7	Oct. 6	Oct. 5	Oct. 4	Oct. 3	Oct. 2	Oct. 1
551.30	554.50	557.00	559.50	562.00	564.50	567.00	569.50	572.00	574.50	577.00	579.50	582.00	584.50	587.00	589.50	592.00	594.50	597.00	599.50	602.00	604.50	607.00	609.50	612.00	614.50	617.00	619.50	622.00	624.50

RISE AND FALLS

Nov. 1	Oct. 29	Oct. 28	Oct. 27	Oct. 26	Oct. 25	Oct. 24	Oct. 23	Oct. 22	Oct. 21	Oct. 20	Oct. 19	Oct. 18	Oct. 17	Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12	Oct. 11	Oct. 10	Oct. 9	Oct. 8	Oct. 7	Oct. 6	Oct. 5	Oct. 4	Oct. 3	Oct. 2	Oct. 1
1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

AMERICAN SE ALL STOCKS

Nov. 1	Oct. 29	Oct. 28	Oct. 27	Oct. 26	Oct. 25	Oct. 24	Oct. 23	Oct. 22	Oct. 21	Oct. 20	Oct. 19	Oct. 18	Oct. 17	Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12	Oct. 11	Oct. 10	Oct. 9	Oct. 8	Oct. 7	Oct. 6	Oct. 5	Oct. 4	Oct. 3	Oct. 2	Oct. 1
1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

JOHANNESBURG

Nov. 1	Oct. 29	Oct. 28	Oct. 27	Oct. 26	Oct. 25	Oct. 24	Oct. 23	Oct. 22	Oct. 21	Oct. 20	Oct. 19	Oct. 18	Oct. 17	Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12	Oct. 11	Oct. 10	Oct. 9	Oct. 8	Oct. 7	Oct. 6	Oct. 5	Oct. 4	Oct. 3	Oct. 2	Oct. 1
1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

STOCKHOLM — Very firm.

PARIS — Closed yesterday — All pollution control and labour saving. These included Mitsubishi Kakoki, Tagima, Boller, Ishii, Iron, Chiyoda Chem and Japan Catalytic Chem.

BRUSSELS — Closed yesterday — All pollution control and labour saving. These included Mitsubishi Kakoki, Tagima, Boller, Ishii, Iron, Chiyoda Chem and Japan Catalytic Chem.

VIENNA — Closed yesterday — All pollution control and labour saving. These included Mitsubishi Kakoki, Tagima, Boller, Ishii, Iron, Chiyoda Chem and Japan Catalytic Chem.

OSLO — Banks and Industrials were quiet, with the few issues that were traded showing little change.

COPENHAGEN — The market was quiet, with the few issues that were traded showing little change.

JOHANNESBURG — Prices drifted lower in very quiet trading. Golds were slightly softer, while Mining Financials continued to ease. Coppers steadied at lower levels.

STOCKHOLM — Very firm.

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Bank Rate 5% (Sept. 2, 1971)

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OVERSEAS SHARE INFORMATION

NEW YORK

Stock	Nov. 1	Oct. 29		29		28	
Crane	405 1/2	411 1/2	Lang-Tanco-Vght	91 1/2	91 1/2	91 1/2	91 1/2
Crucible	22 1/2	21 1/2	Union Indns.	21 1/2	22	22	22
Crowell Collier	91 1/2	91 1/2	Lockheed Aircr.	51 1/2	51 1/2	51 1/2	51 1/2
Crown Zellerbach	51 1/2	51 1/2	Lone Star Cann.	211 1/2	211 1/2	211 1/2	211 1/2
Cummins Engine	48 1/2	52 1/2	Louisiana Land	44 1/2	44 1/2	44 1/2	44 1/2
Curries-Wright	107 1/2	11	Lubrizol	43 1/2	43 1/2	43 1/2	43 1/2

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and the Faculty of Actuaries in Edinburgh

EQUITY GROUPS GROUPS & SUB-SECTIONS	Monday, Nov. 1, 1971					Friday, Oct. 29					Thursday, Oct. 28					Wednesday, Oct. 27					Tuesday, Oct. 26					Monday, Oct. 25					Year ago (approx.)					Highs and Lows Index																																																																																																																																																																																																																																																																																																																																																																														
	Index No.	Day's Change %	Vol. Est. Earnings Yield %	Net Price Price Ratio	Div. Yield %	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.

HOTELS AND CATERERS—Continued

[illegible][illegible]

8	Waller-Hart	12	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
9	Waller-Hart	12	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
66	Waterman	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
67	Waterman	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
73	Waterman	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
74	Waterman	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2

HOTELS AND CATERERS

657	Arco Hotel	71	80	1.4	5,813.3	124	30	HAWK JORDON	120	14	50	2
658	Arco Hotel	71	80	1.4	5,813.3	124	30	HAWK JORDON	120	14	50	2
136	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
137	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
138	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
139	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
140	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
141	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
142	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
143	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
144	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
145	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
146	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
147	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
148	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
149	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
150	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
151	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
152	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
153	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
154	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
155	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
156	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
157	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
158	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
159	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
160	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
161	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
162	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
163	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
164	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
165	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
166	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
167	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
168	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
169	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
170	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
171	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
172	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
173	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
174	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
175	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
176	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
177	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
178	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
179	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
180	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
181	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
182	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
183	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
184	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
185	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
186	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
187	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
188	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
189	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
190	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
191	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
192	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
193	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
194	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
195	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
196	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
197	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
198	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
199	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2
200	Do	13	150	1.2	7,010.2	1234	48	HAWK JORDON	120	14	50	2

20 58 Ireland Ernest 130 16 18 3.3 17.1 28 80 Paradise (B-10) 32 90 1.4 5.1 7.7 48 28 Hayer (John) 59 13 1.5 5.2 7.8 56 60 Court Hotels 55 17 3.3 2.1 14.9
 "Recent Issues" and "Signs"

TE 15—Continued

For Notes, see Stock Exchange Dealer.

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World's economic calm is deceptive

BY C. GORDON TETHER

NO ONE can deny that the world's economic system has initially withstood the shock it suffered at the hands of President Nixon's "America must come first" measures remarkably well. But it would be most unfortunate if this came to be interpreted to mean that the need to eliminate the high question marks that now hang over the international economic situation has not its urgency—what no harm will come from allowing the present drift to continue for as long as is necessary to permit work on the creation of a satisfactory new payments machinery to be completed.

For the discovery that things are going better than might have been feared tends to mask the fact that they are deteriorating in many directions all the same—and at a pace so fast that, unless an interim patching operation is arranged fairly soon, the process may be next to impossible to reverse.

There has been a further worsening of the functioning and relative efficiency of the exchange markets for spot and forward transactions in recent weeks," said the Morgan Guaranty Trust in a recent review of world financial markets. This it said, had been particularly marked in the case of the London market.

Escalating

Pointing out that, even so, experience to date did not fully measure the dislocation America's August 15 measures had caused since it must have reflected to a large extent the fact that it was not a sudden change, it went on to say that the longer the restrictionism and uncertainty were allowed to go on, the more devastating would be the impact on international trade and investment.

Like most other banking institutions whose deep involvement in international financial trade enables them to keep a finger on the world's economic pulse, Morgan Guaranty obviously feels that no time is to be lost in getting order out of the present chaos if we are to make sure that the events of August 15 do not in the end lead to a world disaster. And this was also the theme of the speech which Mr. Pierre-Paul Schweitzer, managing director of the International Monetary Fund, gave to the Economic and Social Council of the United Nations last week.

Disorderliness

Arguing that there was no time to be lost in getting order out of the present chaos if we are to make sure that the events of August 15 do not in the end lead to a world disaster. And this was also the theme of the speech which Mr. Pierre-Paul Schweitzer, managing director of the International Monetary Fund, gave to the Economic and Social Council of the United Nations last week.

Above all, it posed a serious threat to their efforts to diversify their exports, a key element in the drive to raise living standards to more adequate levels. For in the case of manufactured items which figure so large in this business, they are necessarily working with extremely slender profit margins and any unexpected change in prices, exchange rates or trade barriers can consequently put paid to such activity altogether.

There is, of course, a real danger that the worst will be allowed to come to the worst all the same. This is if the Nixon Administration continues to insist that it can afford to take a fairly light-hearted view of the distress its policies are generating elsewhere, seeing that U.S. involvement in world trade represents such a diminutive part of the country's total activity. So it is fortunate that there are signs that thinking outside American official circles is beginning to make the point that the country's immunity from a world recession could turn out to be much less marked.

"Immunity"

Says the prominent New York investment house of Harris Upham in a comment in its monthly letter on the ominous note struck by the recent downturn in world commodity prices: "The U.S. does not live in a vacuum and the mid-western farmer unwitting victim of world events." It concludes that "if the soft-money boys in Washington do not soon realise that the hard-money men in Europe are right, the economic world will continue to disintegrate—and in that fall we fall too."

THE LEX COLUMN

Growth and cost elimination for Decca

The tone of the Decca chairman's AGM speech, forecasting a satisfactory profit increase to which "each division is expected to make a major contribution," certainly does nothing to discourage the hope of a full recovery from last year's £3m. pre-tax to the £5.3m. of 1969-70—though that would apparently require a hefty effort in the second half after a merely "maintained" first six months to September.

The problem in the first half is that one of last year's two trouble spots, records in the U.S., reports a "substantial" reduction in profits to date. Yet it would not do to underestimate the recovery potential in a second half "improvement" there, in the apparently booming U.K. experience, and above all in the virtual elimination of development costs for the company's civil air navigation system. It is worth recalling that all but £100,000 of last year's profit shortfall came in the second half.

The significance of the third point, cost elimination, is that

1969-70's peak profits were achieved despite the heavy drain, so that Decca should not need the exceptional contribution from records to manage £5m.-plus pre-tax. Meanwhile the radar companies are doing much better, and as for colour television, the profit breakthrough effect of scale production means that the consumer hardware division is now making a significant impact on the group as a whole. For perspective, a half-way recovery to £4.2m. pre-tax would indicate a p/e of 16 at 205p.

See also Page 30

Reed

Cum £300,000 from Twyford, Reed's second quarter profits of £6.7m. pre-tax against £5.3m. may look a little disappointing to those who saw £1.6m. of recovery potential in IPC alone. In fact, IPC has done better than that, despite the fact that the whole cost of the September newspaper stoppage—£560,000 or more—has been charged against revenue. The problem areas were forest products in Canada, reflected in a

drop in the overseas contribution from £2.1m. to £1.3m., and papermaking at home; here it looks as if the pre-IPC Reed group has turned in lower profits overall despite good results in packaging and building products.

This sort of pattern should continue into the second six months with a massive IPC recovery the driving force behind a profits rise from £19.9m. to between £27m. and £28m. pre-tax for the year. Both this and indicated earnings of between 16p and 17p a share may be slightly behind hopes raised by the first quarter figures. But the general realisation that there are more ladders than snakes on Reed's board is still helping the shares, up another 3p to 253p yesterday for a prospective p/e of just under 15.

See also Page 28

Giltspur/Maltsters

Giltspur's approach to Associated British Maltsters—with a mooted bid of around 195p per share—may be no more than an

attempt to dilute the image of its casino power house. But it represents a radical change of direction, with its market capitalisation of £17.7m. against a suggested bid valuation of £10.3m.; and it has left it a little late if it wanted to catch ABM in the trough. The latter's 1970-71 earnings may be up from 4.9p to around 8p per share after losses of around 1p per share on engineering, now disposed of.

An exit p/e of around 15 may be adequate enough given that malting is no dazzling growth situation. The speculative fizz is in ABM's current property revaluation, with one Southwark property in the books at a pre-war value of £300,000, and from the brewers' possible reaction to the thought of a major raw material supplier being tied up in Mr. Maxwell Joseph's stable.

See also Page 29

Hepworth

Hepworth's 1970-71 profits are £44.000 higher at £2.52m. pre-tax: the feature is the way growth was spread evenly through the year despite the

fact that nearly all 1969-70's increase came in the second half and that, as a result, sales growth last year tailed back from 23 per cent. in the first six months to 14 per cent. in the second. Ready-to-wear sales are upwards of 30 per cent. higher, taking the split with tailoring to very nearly 50:50 against 45:55 last time and roughly 1:1 five or six years ago. Apart from boosting profits per share—there were just 5 new opening last year and 2 closures—this also helps to iron out the seasonal lumps in manufacturing made-to-measure. Meanwhile credit sales remain strong, and are nowhere near saturation point at well under 40 per cent. of the total.

So these figures are at least as good as sensible expectations and they needed to be. Three years of marked relative strength in the share price, followed around mid-summer, but the past month has brought a 9 per cent. rise. A p/e of 22.4 at 39p recognises a developing management situation with, for example, a major warehouse development to come over the

next two or three years, and is able to ignore the possible short-term impact of a mild autumn. See also Page 28

British Printing

With a first half depressed by further publishing losses, the postal strike and the generally depressed conditions in printing and papermaking, BPC's 1971 earnings prospects were irrelevant to an equity market capitalisation of £3.8m. with the shares at 30p, up from a 1971 "low" of 13p. What did matter was sheer ability to survive, and that seems implicit in a reduction in group overdrafts, excluding IISC, from £3.8m. to £2m. since the year-end with IISC's borrowings £2.3m. lower at £4.7m. That, at least, should help BPC better its half-time net attributable loss of £377,000 in the full year's results; and the prospect remains that BPC will see an annual turnover in 1972 when the effect on earnings, given the combination of high gearing and tax losses, should be dramatic. See also Page 29

At least two murders a day now in Ulster

BY JOHN GRAHAM

BELFAST, Nov. 1

TWO more policemen were shot dead in Belfast to-day. They were machine-gunned at about mid-day in the Catholic area of Andersonstown, and they were both dead on arrival at the hospital.

November had thus begun with October left off. At least 31 people were violently killed in October, and in the last 10 days the death rate has risen to about two a day. These figures do not include members of the IRA who have been shot by the Army, but whose bodies have not been found. The Army thinks it may have hit as many as 80 IRA men in the last month.

Nor does it include many people who have simply disappeared. The Army knows that some of the people in Belfast who have been providing it with information about the IRA have been executed. The figures do include two men; both of them Protestants, who have clearly been executed; they were both discovered in the last week bound, gagged, and shot through the head.

To-day's murder of the two policemen is just another episode in the IRA's battle against the authorities. The latest tactic, greatly in evidence for two weeks now, is direct assault on members of the Royal Ulster Constabulary. More than ten of them have recently been killed.

The IRA is not, however, neglecting the other tactics which are now so grimly familiar. To-day, the ground floor of the

AA office in Belfast was destroyed by a bomb, and several people were slightly injured. The bomb was placed shortly before 10 a.m. and the people in the office were given four minutes to get out. The AA office, which is right in the middle of Belfast, is one of the city's tallest buildings and those people working in the higher storeys had to remain in the building, many of them going to an even higher storey, while waiting for the bomb to explode.

Three people were also injured when a bomb destroyed a shop in Armagh. At the border in County Fermanagh, there was an exchange of shooting between the British Army and people from the Republican side. No casualties were reported.

In Belfast, a 17-year-old civilian was shot through the chest at a disturbance near a school. No one seems to know exactly what happened. A civilian witness said that only one bullet was fired; an army officer said that there was a burst of fire and this was returned by the Army. He conceded that it might have been an Army bullet which hit the boy.

Dismal tale

While the dismal tale of bombs and shooting is retold day by day, the political focus is now on Westminster. There is an increasing anxiety here that the policies adopted by Westminster and Stormont are not being successful, and are not

likely to be so in the near future. While the Army is certainly having some success in its searches for weapons and in its open skirmishes with the terrorists, the IRA is also showing an undeniable ability not only to carry on but to raise the stakes.

In this climate, there is much interest in the statement by Mr. Ian Paisley that the British Government intends to introduce direct rule in the very near future. This had been categorically denied in Westminster and in Stormont, but Mr. Paisley repeated it this afternoon.

He said that his source in London was not in the Opposition nor in the Civil Service, and he thus left the clear impression that it was a member of the Government. He insisted that the denials were meaningless, since the British Government would keep such an intention as secret as possible. Stormont would know nothing about it until it happened, he said.

Mr. Paisley protected himself by going on to say that the very fact that he has brought into the public the British Government's intention may make the Government have second thoughts about it.

But it was emphasised in Whitehall that it was not an emergency meeting called because of fears that an IRA bombing campaign might have started in London. Neither does there appear to be any prospect of Westminster imposing a direct rule on Northern Ireland in the foreseeable future.

Bonn may drop demand for revalued franc on conditions

BY CHRISTOPHER LORENZ

FRANKFURT, Nov. 1

A SPEECH to-night by Dr. Karl Ludwig, president of the Bundesbank, has added strength to reports in Bonn that the German Government is prepared to give up its demand for a revaluation of the French franc, providing certain conditions are met.

When the Economics and Finance Ministers of the Six met in Paris on Thursday, Professor Schiller, the double-barrelled German Minister, will probably propose that as part of a joint EEC solution to the currency crisis, a number of Community currencies should be revalued, chief among them the D-mark and the guilder. He may be prepared to trade the pegging of the franc at its present commercial level for French agreement to a sizeable extension of the margins of fluctuation. Community currencies vis-a-vis third currencies.

Up to now the Germans have said that, to make a system of flexible exchange rates effective, the bands should be enlarged to

at least 3 per cent., while the French have been prepared to go only as far as 2 per cent.

Such a move by Prof. Schiller at Thursday's meeting would add flesh to the bare bones of Chancellor Brandt's statement on French television to-night that the various monetary standpoints in the Community have grown closer in recent weeks.

Prof. Schiller's proposal will probably be only one of a number of alternative compromise formulae, but the fact that he is considering making it suggests that he is now coming round to the way of thinking of many of his Cabinet colleagues. For this in the present dangerous situation someone must give way first.

The proposal does not mark a complete backdown by Bonn from its previous hard line, however, for if accepted by France it would almost certainly lead to a floating upwards of the franc against the dollar.

It is not yet clear whether the

new proposal is part of a package which the narrowing of bands between Community currencies is also included. Prof. Schiller has maintained that increased internal rigidity and external flexibility would be an essential part of any joint currency reform by the EEC.

The Bundesbank president's speech, delivered to-night in Hamburg, appeared to deviate from the previous German line by making allowance for the reluctance of other countries to revalue their currencies. Having said that a realignment of parities should be achieved by a "moderate" devaluation of the dollar combined with a moderate revaluation of "the other currencies," Dr. Karl Klagen added that a devaluation of the dollar was the best way of reducing the excessively high revaluation rate of the D-mark has reached against third currencies, for this rate would be reduced by the same amount as the dollar.

Once again Chrysler was the chief sufferer yesterday, laying off more than 8,000 at Coventry and Linwood. There were strikes at federated companies like Triumph, Jaguar, GEC and Dunlop. Massey-Ferguson and Automotive Products which, like Chrysler, are non-federated, also had several hundreds on strike.

Caledonian profit over £1m.

By Michael Donne

PARIS, Nov. 1

BRITISH CALEDONIAN Airways, the U.K. independent flag airline, has earned a net profit before tax of more than £1m. in the financial year to September 30.

This was revealed here to-day by Mr. Adam Thomson, chairman of British Caledonian, at the inauguration of the airline's services between Gatwick Airport, London, and Le Bourget Airport, Paris.

British Caledonian has been given the Paris route to Le Bourget as part of U.K. Government plans to encourage the development of a second British flag airline on major international air routes.

The company will operate four return services daily between Gatwick and Le Bourget, and expects to carry about 120,000 passengers in its first year of operations, or about 12 per cent. of the total market.

Mr. Thomson, commenting on the progress made by the airline since it was created by the amalgamation of Caledonian Airways and British United Airways, said the profit in the past year had been earned on a revenue of around £45m. The airline's capital is £2.8m.

British Caledonian, which has applied for rights to fly the North Atlantic route, expects to take a decision soon on new aircraft equipment. It is currently studying all the types of aircraft that are available, including such "wide-bodied" aeroplanes such as the U.S. Lockheed TriStar and the Boeing 747 jumbo jet. Even the Concorde supersonic airliner was being included in its equipment studies.

The company expects to take a decision within the next few months on which type of aircraft would be best suited for all its varied routes.

On the airline's future plans, Mr. Thomson said it was still British Caledonian's intention to go public but no decision had yet been taken as to when this would be done. In the past financial year the airline's revenues had been divided roughly 50-50 between its scheduled and charter services.

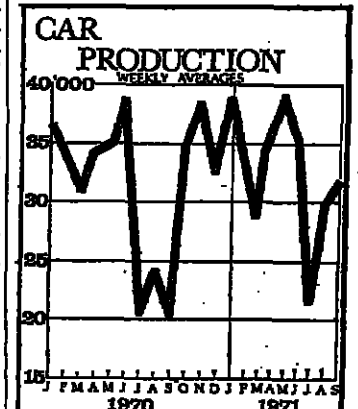
Car output up sharply in Sept.

BY MICHAEL CASSELL

CAR PRODUCTION in September was nearly 60 per cent. higher than in the same month last year, which was severely hit by industrial disputes.

Figures from the Department of Trade and Industry show that 159,260 private vehicles were manufactured in the five weeks ended October 2, compared with only 100,284 in the same period of 1970. The month's total is the second highest recorded this year, some 16,000 fewer than in June.

Output was 40,405 units more than in August, a holiday period for the motor industry. At £1,852, the weekly average production figure was over 2,000 better than



in the previous month and nearly 12,000 above September 1970.

The industry built 100,186 cars for the home market, compared with 69,418 the month before and 56,989 in September, 1970. Output of cars for export rose to 59,074, over 10,000 more than in August and nearly 16,000 higher than in September last year.

Production of commercial vehicles in September was recovered from the July and August holiday periods. Output reached 41,285 units, compared with 28,286 in the previous month and only 27,414 a year earlier.

Weekly average production

Continued from Page 1

Setback for anti-Six

The bottom candidate will then be eliminated and the vital question will be which way his votes will divide. Pro-Marketers are hopeful that more votes from the centre would go to Mr. Jenkins than to Mr. Foot, the likely runner-up in the first ballot.

Lord Shinwell, the former Labour Cabinet Minister, took a very aggressive line against the pro-Marketers in a BBC radio interview yesterday. He argued that the rebels should be "cleared out" of the Labour Party. "They should resign and form a party of their own," he declared.

If an MP voted with the Government on a vital constitutional issue after the PLP, the annual conference and the TUC had all come to a decision against the Government, it was a very serious matter that was not easily resolved, Lord Shinwell argued.

The continuing conflict inside the Labour Party and the Government's problems in getting its Common Market legislation through Parliament seem certain to dominate the new session which opens to-day with the presentation of the Queen's Speech.

By far the most important measure will be the complex Bill of over 100 clauses bringing Britain into line with Common Market legislation. This will be introduced in the New Year and will entail week after week of debate with the Government whips never certain of retaining their majority.

The other major Bill concerned with EEC entry will be the

measured introducing a Value Added Tax which is to be published later this month in order that it can get some way through its Parliamentary passage before the inevitable log jam early next year.

On the purely domestic scene the anti-Six Bill to strengthen the Monopolies Commission, to revise the housing subsidies system, to reform local government in England and Wales, to introduce local commercial radio, to increase penalties for carrying firearms, and to raise the school leaving age to 16 from September 1, 1972.

Mr. Heath gave a dinner at 10 Downing Street last night for the Speaker and the 64 members of his Government in the Commons who were told the details of the legislative programme.

Christopher Lorenz writes from Frankfurt. Mr. George Thomson, Opposition spokesman on defence, and one of Labour's chief defectors in last Thursday's Commons Market vote, is sceptical about whether Mr. Harold Wilson really means to reopen negotiations in Brussels and demand better terms, should he again become Prime Minister.

Mr. Thomson makes this clear in an interview published in to-day's edition of Handelsblatt, the German business newspaper. He was commenting on Mr. Wilson's winding up speech in the Commons on Thursday evening.

In fact, Mr. Thomson gave an assurance that a Labour Government would remain loyal to the Treaty of Rome and would not attempt to leave the Community. He said that the development in the Labour Party might be along the lines of the German Social Democrats, who opposed the original foundation of the Coal and Steel Community, but later gave their full support to the European unity.

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AGENTS

Weather

U.K. TO-DAY
England, Wales, dry. Bright spells. Scotland, N. Irish cloudy. Bright spells in E. S. with rain. W. W. brighter with showers late. Temps. as yesterday.

London, S.E. Cent. S. S.W. England
Dry. Sunny spells after mist. Wind S.W. light or moderate. Max. 57°F. (13°C).

Channel Isles
Dry. Sunny spells. Wind light or moderate. Max. 57°F. (13°C).

E. Anglia, Midlands, Wales E. N.W. Cent. N. England
Dry. Variable cloud. Wind moderate to fresh. Max. 58°F. (14°C).

Ile of Man, N.E. England
Cloudy. Mostly dry with later. Wind S.W. fresh or strong. Max. 58°F. (14°C).

E. S.W. Scotland, Glasgow, Edinburgh
Cloudy. Some rain. Clear later. Wind S.W. fresh or strong. Max. 58°F. (14°C).

Rest of Scotland, N. Ireland
Cloudy. Rain at times. Bright later with showers. Wind strong to gale. Warm at cooler later. Max. 58°F. (14°C).

Outlook: N. Areas: Colder rain or showers. South: dry. Lighter sun. London: 57-58. GL: 57-58. Belfast: 57-58.

Long-range weather forecast

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